FBIS DAILY REPORT

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WHITE HOUSE BRIEFING ON GENEVA TALKS VIEWED

LD010809 Moscow TASS in English 0640 GMT 1 Jul 87

[Text] Washington July 1 TASS -- A TASS correspondent, at a briefing at the White House Tuesday, asked Marlin Fitzwater, assistant to the President for press relations, to explain the stand of the White House with regard to a statement made by Maynard Glittman, a member of the U.S. delegation at the Geneva Soviet-U.S. talks on nuclear weapons in Europe.

Glittman said that the administration was considering conversion of the U.S. Pershing 2 medium-range missiles in Western Europe, which are to be eliminated in case the Soviet Union and the United States reach agreement, into Pershing 1B theatre missiles and their possible transfer to West Germany.

On Monday, referring to the possibility of reaching agreement on the elimination of missiles in Europe, President Reagan suggested that he saw the light at the end of the tunnel. But if the Pershing 2's are really converted and transferred to West Germany, what remains to be done for the Soviet Union? Also convert its SS-20's and transfer them to some of its allies? What kind of a "zero option" can one speak about, then?

The White House spokesman evaded the question. He only referred to Glittman's statement and a rather vague statement on the issue made by a State Department spokesman last Thursday.

The reporters who attended the briefing booed Fitzwater's answer.

PRAVDA REPORTS WEEK'S TALKS IN GENEVA

PM301101 Moscow PRAVDA in Russian 27 Jun 87 Second Edition p 5

[TASS report: "Talks in Geneva"]

[Text] Geneva, 26 Jun -- Last week within the framework of the Soviet-U.S. talks on nuclear space weapons meetings continued on all three problems on the agenda: medium-range missiles and space and strategic offensive weapons.

GENEVA ARMS TALKS 'ZERO SOLUTION' DISCUSSED

LD262029 Moscow Television Service in Russian 1430 GMT 26 Jun 87

[From the "Vremya" newscast]

[Text] The eighth round of the Soviet-U.S. talks on nuclear and space armaments has been at work in Geneva for 2 months.

[Correspondent V. Dmitriyev, identified by screen caption] This latest round was marked by an important event even in the initial stage. The Soviet delegation tabled a draft treaty on eliminating U.S. and USSR medium-range missiles in Europe. It is a compromise document that takes account of the U.S. draft on this issue. In other words, it provides the conditions for the drafting of a joint treaty. As you know, the Soviet side has also agreed to the elimination of operational and tactical missiles. Intensive work is now underway on a joint draft treaty, and real possibilities have opened up for the achievement of an accord as early as this fall. The TRIBUNE DE GENEVA has emphasized that the talks have entered the home straight. However, there are difficulties along this home straight.

[Begin recording] [A.A. Obukhov, deputy head of Soviet delegation, identified by screen caption] What is now being proposed by the United States? It would seem that the United States is agreeing to the elimination of Soviet and U.S. operational and tactical missiles in Europe. However, while agreeing verbally to this decision, it would like to preserve its warheads on the 72 Pershing-1A missiles belonging to the FRG. Thus it turns out that a zero solution for operational and tactical missiles in Europe is being envisaged for the Soviet Union, while the solution for the United States is plainly not a zero one. This, I repeat, is hampering progress and is really threatening to wreck the scheduled timetable for completing work on a draft treaty on medium-range missiles. This is happening through the fault of theWestern side. [end recording]

[Dmitriyev] The Soviet delegation is convinced that these difficulties are surmountable. It is necessary for Washington to adhere to the principle of equivalent security to confirm in real deeds its words and utterances about being ready to embark on nuclear disarmament in Europe.

MAGYAR HIRLAP INTERVIEWS KARPOV ON EUROMISSILES

AU301349 Budapest MAGYAR HIRLAP in Hungarian 27 Jun 87 pp 1, 3

[Interview with Viktor Karpov, head of the Problems of Arms Limitation and Disarmament Directorate of the Soviet Foreign Ministry, by Moscow correspondent Gerenc Szaniszlo: "Interview with Viktor Karpov -- A Missile Agreement Should Have Guarantees" -- at the Soviet Foreign Ministry complex in Smolensk Square in Moscow; date not given]

[Text] The Soviet-U.S. disarmament talks in Geneva are again the center of attention. This is particularly due to the fact that the two big powers' positions on the issue of disarmament and eliminating the so-called Euromissiles have come closer to each other. Not so long ago, the Soviet delegation in Geneva was still headed by Viktor Karpov. The internationally recognized and experienced disarmament expert is now head of the Soviet Foreign Ministry's Problems of Arms Limitation and Disarmament Directorate. He received MAGYAR HIRLAP's Moscow correspondent in his study at the Foreign Ministry complex in Smolensk Square in Moscow and answered his questions.

[Szaniszlo] Prior to each round of negotiations in Geneva, the delegation leaders greet each other and the doors are closed. Then, one can learn only about success of failure. You headed the Soviet delegation for a long time. If it is not a secret, would you tell us about the closed-door negotiations?

[Karpov] Each type of negotiation has its own characteristics. The Geneva negotiations -- the ones you are interested in -- are characterized by their complexity, which is the result of the nature of the subject matter. Issues that affect the security of both big powers and which are vitally important for both sides are under discussion in Geneva. In addition, neither the Soviet Union nor the United States can disregard the interests of their allies.

At the negotiating table, the two sides are conducting a thorough and detailed analysis of certain problems that sometimes do not even attract the attention of the outside world, but which affect important elements of the strategic balance of power that exists between the two big powers. In these cases, outstanding experts are needed who are well aware of the structure of armaments, the trends of the arms race, and the possible consequences of it.

Due to their particular situation, the Soviet-U.S. negotiations in Geneva are confidential. We cannot disclose the technical details expressed at the negotiating table without damaging our country's defense capability and security. However, these are not secret talks: our position can be learned from various declarations and from the press.

Concretely about the negotiations: there are sessions in which both delegations participate in full. At these sessions, the two sides present their fundamental positions and opinions. It is a different matter if they are already working on a draft agreement: in such cases, the two sides compare opinions on certain details. Currently, for example, intensive work is going on to formulate a joint draft agreement on Euromissiles.

[Szniszlo] Since we are already about this -- not so long ago, the news spread in the world press that a preliminary draft document on Euromissiles had been prepared. Little can be heard, however, about the content of this document....

[Karpov] We could call this document "a joint one" only with the best of intentions. The agreements of principle achieved in Reykjavik served as a basis for this document. However, there are still numerous points to be clarified because of the differing opinion of the two sides. It is in fact a comprehensive document that reflects two points of view. This is perhaps why it has not received much attention in the world press.

The final agreement depends on whether the U.S. side will change its position on certain issues or not. I would point out the three most important of these issues:

1. Paradoxical as it is, while voicing the need to dismantle the missiles with a range of 500-1,000 km, Washington wants to retain its Pershing 1A missiles, which fall into this category. And Washington wants to ahcieve this in such a way that -- since, according to an earlier agreement, these missiles are the property of the FRG -- its U.S.-owned warheads would be quickly handed over to the Bonn government on the basis of a new agreement.

The nuclear Nonproliferation Treaty strictly prohibits any country from handing over nuclear arms to another country and any country from accepting them. Both the United States and the FRG signed this agreement. In spite of this, Washington would like the Pershing 1A missiles to be left out of consideration in Geneva because they are in the possession of "a third country," and the agreement applies only to the Soviet and U.S. arms.

2. We take a different view on how to gradually reduce the number of missiles. It is no secret that the Soviet Union has more warheads in Europe than the United States. We proposed to start reducing them simultaneously but -- because this is the just way -- we will dismantle our missiles more rapidly in order to gradually offset the existing disproportion. The Americans want us to go ahead and unilaterally start reducing our numbers, and they would join in "sometime along the way."

3. As is well known, in the spirit of the principled agreement in Reykjavik, 100 warheads on each side would remain on the intermediate-range nuclear mssiles deployed in the Asian territories of the Soviet Union and on U.S. territory. However, it is far from a matter of indifference to us where the United States deploys these types of missiles. From Alaska, for example, they would directly threaten certain areas in the Soviet Union. What we would like is for our area to fall outside the range of these missiles just as the United States is outside the range of our missiles of a similar type.

[Szaniszlo] Let me ask you: What is it that, in your opinion, should definitely be included in an agreement on Euromissiles?

[Karpov] Both sides would be allowed to retain 100 warheads each on their medium-range missiles: the Soviet Union on its Asian territores and the United States on its own territory. Of course, the Soviet Union will be ready to reduce its armaments in Asia to this level only if both sides dismantle all their medium-range missiles stationed in Europe.

Washington is sticking to its demand to eliminate tactical-strategic missiles. Well, this can be no obstacle and we do not oppose the double zero option in Europe either. But no warhead should remain on European territory -- and I mean here the already mentioned Pershing 1A missiles, too.

And finally, an agreement should contain gurantees that there will not be later substitutes for the dismantled and destroyed missiles. It will be necessary, for example, to supervise the armament factories that have manufactured these kind of arms up to now.

[Szaniszlo] Both the Soviet Union and the United States (ever since Shultz' visit to Moscow) keep saying that concrete results should emerge at a possible summit. What would you accpet as concrete results?

[Karpov] In the course of his Moscow visit in April, Shultz had the opportunity to learn our position: We are striving for an agreement in three key issues, namely, strengthening the ABM agreements, which would practically hinder the militarization of space; reducing stategic arms by 50 percent on both sides; and beginning negotiations on halting nuclear tests. The agreement on Euromissiles would be an addition to all this.

[Szaniszlo] Finally, allow me to ask you another question not directly related to this subject: What does "perestroyka" mean here, in the Foreign Ministry? How do you, as a leading diplomat, feel the changes?

[Karpov] The Problems of Arms Limitation and Disarmament Directorate, which I head, has come into being virtually as a result of this perestroyka, established last May. We felt the need for such a directorate before because the problem of disarmament is no longer simply a theoretical task but also a practical one and part of our everyday life.

The directorate employs 60 people. In the course of our work, we cooperate closely with the relevant departments of the CPSU Central Committee and the Ministry of Defense. The perestroyka and the increased publicity forces us not only to formulate our opinions on certain issues but also to present them adequately to the public.

[Szaniszlo] Thank you for the interview.

ROGERS' REMARKS, U.S. POLICY 'DISCREPANCY' VIEWED

PM301603 Moscow KRASNAYA ZVEZDA in Russian 25 Jun 87 p 4

[KRASNAYA ZVEZDA Observer Manki Ponomarev article under the rubric "International Observer Answers Reader": "What the Masters Think..."; first three paragraphs are KRASNAYA ZVEZDA introduction]

[Text] From Lieutenant Colonel G. Fedoseyev's letter to the editorial office:

"It is well known that during the Reykjavik meeting, the U.S. President agreed to the Soviet proposal on eliminating medium-range missiles in Europe. The Soviet proposals envisaging the withdrawal from Europe and elimination of Soviet and U.S. medium-range and operational and tactical missiles were later welcomed at the recent NATO Council session. Yet now U.S. General B. Rogers, so KRASNAYA ZVEZDA recently wrote, is angry and declaring that the talks currently under way in Geneva on this subject do not suit him at all. It looks like the President says one thing and his generals say something completely different. How can this be?"

KRASNAYA ZVEZDA Observer Manki Ponomarev replies to reader Lt Col G. Fedoseyev.

Yes, this is indeed the case, Comrade Fedoseyev. I can cite as many examples as you like showing that the President and other high-ranking figures in the Washington administration state one thing, whilst the executants say -- and sometimes do -- the total opposite. You have drawn attention to the report published in our newspaper on the interview with B. Rogers in London's THE TIMES. But here is another fresh fact. How many times has the head of the White House spoken out to the effect that the fate of future agreements with the Soviet Union on disarmament problems depends on acceptance of U.S. verification proposals. But when the USSR declared that it was as interested as the United States in strict verification of the observance of the elaborated agreements, up to and including on-site inspections, people took fright across the ocean. As THE WASHINGTON POST wrote recently, staffers of the so-called U.S. intelligene community, including the CIA, NSA, and FBI, categorically opposed such inspections, which will allegedly substantially damage U.S. security.

There are many reasons for this discrepancy, to put it mildly, between the statements and actions of the representatives of the highest echelons of power and in the United States and other Western countries, and officials of a lower, but still quite responsible, level, and they are very diverse.

Perhaps the first is the hypocrisy of the administration itself. Proceeding from short-term tactical considerations, President Reagan is not averse to depicting himself as a "peacemaker," even as an opponent of nuclear weapons. But at the same time he has put forward a program for modernizing and building up U.S. strategic offensive forces, has proclaimed the "Strategic Defense Initiative" aimed at transferring the arms race to space and obtaining military superiority over the USSR, and has wrecked the accord nearly achieved at Reykjavik on fundamental questions of disarmament which perturb all mankind, or has ventured to attack the USSR in the spirit of the "cold war," as he did recently in West Berlin. This hypocrisy is clear not only to us. It is also perceived by U.S. figures of various ranks. And those of them who occupy "hawkish" positions often allow themselves to say out loud what the President has only hinted at.

The absence of unity of word and deed among Western countries' politicians is the second reason for the apparent discrepancy between the statements of figures on different rungs of the hierarchical ladder. There is an obvious abundance of words, but few concrete steps forward in response to the Soviet proposals. Leading figures over there are worried about losing in the eyes of public opinion. And they are not particularly concerned about turning the world away from confrontation, from tension, and from the arms race toward the path of organizing and improving international relations. Those who, like Rogers, pay less attention to public opinion see no necessity to conceal their true thoughts and actions.

Finally the third reason certain U.S. figures, including in the military, are venturing to publicly abandon the official position is fear. It is fear that the new political thinking, the new philosophy on which the large-scale Soviet peace initiatives are based, will forge ahead and become part of life, will be established as the document

factor in relations between states, and will lead to a normalization of the situation in the world arena. This fear of the future -- a future without wars -- prompts figures such as Rogers to make speeches and give interviews expressing a viewpoint seemingly different from that to which official Washington adheres.

Incidentally, about Rogers. He is playing on the fact that he is a military and political figure on the NATO stage not the U.S. stage and, as NATO supreme allied commander Europe, is not accountable to the U.S. President. This is, of course, true. But Rogers is still a U.S. general and commander of the U.S. forces on the European Continent, and thus is very directly subordinate to his supreme commander in chief and head of state. But the fact he ventures to make statements like the one during the TIMES interview by no means indicates that Rogers is unfamiliar with the demands of discipline. It is simply that there is an even higher authority above him -- the reactionary militarist circles that ultimately determine all U.S. policy and all the actions of U.S. figures of various ranks. The President himself is subordinate to these circles. It is no coincidence that a White House official spokesman, commenting on Rogers' interview, declared that President Reagan is "not angry" with the general.

From all that has been said, Comrade Fedoseyev, you can only reach one conclusion. Officials like General Rogers sometimes do indeed appear to speak independently and freely. But they are merely saying what their masters prefer to think.

ARTICLE VIEWS U.S., WESTERN EUROMISSILE POLICY

PM251521 Moscow PRAVDA in Russian 25 Jun 87 Second Edition p 4

[Own political observer Yuriy Zhukov article: "What Is Lacking Is a Realistic Policy"]

[Text] Time flies. And the U.S. press does not tire of repeating that unless the talks on nuclear and space arms between the U.S. and the Soviet delegation in Geneva are crowned with success in the current year, the possibility of the conclusion of any agreement in the near future will evaporate. Everything will be overshadowed by preparations for the presidential elections. And as to what happens after the elections, no one can tell now.

Moscow takes the talks in Geneva very seriously and is fully aware of the specific features of U.S. political life. For this very reason, the Soviet side has taken one serious step after another in order to pave the way toward disarmament. Universal attention is now focused on preparations for the conclusion of an agreement on the elimination of medium-range and operatinal and tactical missiles in Europe. A whole series of Soviet proposals, put forward in an effort to meet our partners half-way, has turned the possibility of the conclusion of such an agreement without further delay into an entirely realistic proposition. All that is required is the necessary political will.

However, our partners are becoming more and more nervous the more realistic the prospect of the achievement of an accord becomes, and are feverishly seeking ever new pretexts in order to, by hook or by crook, postpone, if not thwart altogether, the adoption of a decision. In this connection I would like to permit myself a lengthy quote from an article published in the West German STERN magazine under the title "The Cold War Knights' Fear of Disarmament" (the magazine is by no means pro-Soviet or procommunist, which makes its judement all the more interesting):

"This is all the NATO political and military leaders needed! The Russians are coming, but not with arms and soldiers, but with more and more new proposals. [paragraph continues]

To begin with, Mikhail Gorbachev stunned the Western alliance with a proposal to remove medium-range nuclear missiles (with a range of more than 1,000 km, i.e. the SS-20 and Pershing-2 missiles) from Europe and to destroy most of them -- the zero option. Now he even intends to reduce the missiles with a range from 500 to 1,000 km (the double-zero option).

"The Soviet leader takes disarmament very seriously. And suddenly all the opponents of this idea in Brussels and Bonn (the author of the article for some reason fails to mention Washington! -- Yu. Zh.) who like to hold forth about arms control in their Sunday speeches but who in actual fact would like things to remain as they are, have sung out with one voice. (U.S.) General Rogers, NATO supreme allied commander, Europe, has declared: 'Giving up nuclear weapons will make Europe defenseless in the face of the Warsaw Pact's conventional armed forces.' Volker Ruehe, deputy chairman of the Christian Democratic Union/Christian Social Union parliamentary party, warns in unison with the 'dyed-in-the-wool yesterday's men' Alfred Dregger and Defense Minister Manfred Woerner: 'Unless the triple (?) superiority of the East in conventional arms is eliminated, the achievement of further accords on zero options in other spheres is not in the FRG's interests'"...

The fact that disarmament talks which have been going on for years and even decades have failed to produce any results has long been causing concern among the widest public circles. However, until quite recently very many peace-minded, but politically not very well-informed people in the West were prone to blame both sides for the failure of the talks, especially since anti-Soviet propaganda painted the Soviet Union as the arch-enemy.

Now all that has changed: The irrepressible initiative of the Soviet leaders, who have been putting forward more and more specific proposals for ending the arms race, especially the nuclear and space arms race -- but also the conventional arms race -- has radically changed the international climate. People everywhere welcome and support the Soviet proposals. At the same time, they inevitably compare the active and creative policy of the Soviet Union and the fraternal socialist countries with the stance of the United States and NATO, whose answer to all these proposals is either a "no," or additional demands, or propaganda hedging.

Addressing the World Congress of Women the day before yesterday, M.S. Gorbachev convincingly demonstrated how the United States and its allies are putting up one obstacle after another in the path of disarmament while at the same time trying to persuade the USSR to back up its words with actions.

However, the times when Western leaders were effortlessly able to manipulate public opinion are gone. Even a newspaper like THE NEW YORK TIMES deemed it necessary to declare on 17 June that "Western leaders are as a rule afraid to admit that they rely on nuclear weapons. They are afraid that the public will not understand them. They are afraid that Moscow will draw the West into talks about the creation of nuclear-free zones and continents and that it may prove impossible to cope with political pressure in Western Europe and with demands for the creation of a nuclear-free continent. Therefore, they are marking time in questions of arms control although this merely serves to increase Moscow's prestige in the struggle to win public opinion."

Indeed, they are obviously marking time, putting forward one new demand after another.

All of a sudden, FRG Chancellor Kohl demands that we eliminate all our operational and tactical missiles and at the same time agree to leaving 72 U.S. nuclear warheads for Bundeswehr Pershing-1A missiles intact.

Next, U.S. Arms Control and Disarmament Agency Director Adelman demands, in breach of the accord reached in Reykjavik, that we not only destroy our medium-range missiles in Europe but also the 100 warheads which were to remain in Asia.

Then, Japanese Premier Nakasone suddenly insists that the United States site medium-range missiles with 100 nuclear warheads targeted on the Soviet Far East in Alaska.

And finally Brzezinski, President Carter's former assistant, drags out demands that the elimination of medium-range missiles in Europe be made conditional on the elimination of all the Soviet tanks which are allegedly preparing to invade the West..

And so on and so forth. And they always try to rebuke us for intransigence, for not wanting to meet them half-way. As recently as 22 June, Kampelman, the head of the U.S. delegation, dared to claim that the Soviet side is 'impeding (!) progress at the talks by raising the question of the warheads and the Pershing-1A missiles which belong to the FRG.' That caps it all, as the saying goes!

Naturally, the reader will ask: What do all these gentlemen have in mind? Do they seriously believe it is possible to build a policy on demands so absurd that even a child can see it? It is my view that neither Rogers, nor Adelman, not even President Reagan himself believe this. But it is important for them to give the impression of seeking solutions in order to reassure public opinion which is alarmed at the sight of an agreement that seemed so close yesterday receding further and further into the distance.

According to an report of 20 June, "a ranking U.S. spokeman," who wishes to remain anonymous, as always, has said that "because of the controversy over Soviet missiles (incidentally, why only Soviet missiles? -- Yu. Zh.) the treaty on medium-range nuclear forces may not be finalized and concluded until next year."

You cannot but be amazed at the irresponsibility with which leading representatives of this great power approach the most burning problem of the present time on whose solution the survival of mankind, and hence their own survival, depends.

Talking to journalists on 21 June, the Soviet leader said: "In questions of detente and curbing the arms race we are prepared to cooperate with all forces. However, we sense that what is lacking in the West is a realistic policy. All people there are worried about is saving face. Yet what is needed are specific steps along the path of improving the international atmosphere, along the path toward a nuclear-free world, a world without violence, along the path of cooperation."

It is not yet too late to complete the work on the preparation of the Geneva agreement. This can and must be done on the basis of mutual cooperation and a shared interest in achieving accords. This is precisely how a realistic policy is built. And the sooner the gap created by the absence of such a policy in Washington and other NATO capitals is filled, the better. Our partners should be no less interested in this than we are.

NATO, PACT ARMS CUT TALKS HELD IN VIENNA

LD291159 Moscow TASS in English 1400 GMT 29 Jun 87

[Text] Vienna June 29 TASS -- A regular meeting was held here today within the framework of consultations by representatives of Warsaw Treaty and NATO countries on questions connected with working out the mandate of the future talks on reducing armed forces and conventional armaments in Europe from the Atlantic to the Urals.

WEU 'CONCESSIONS' TO FRG 'COMPLICATE' DISARMAMENT

LD271009 Moscow TASS in English 0943 GMT 27 Jun 87

[Text] Bonn June 27 TASS -- TASS correspondent Yevgeniy Gulkin reporting:

Three years ago today the Council of the Western European Union (WEU) passed a decision lifting the last restrictions on the production of conventional armaments by West Germany. Thus arms manufacturers in that country received the possibility to build strategic bombers and long-range ballistic missiles. Restrictions on the tonnage of naval ships had been lifted even earlier -- in 1980.

The plan of the allies was simple -- be removing the existing barriers to give West Germany a "legitimate" access in the future to the development of modern armaments of that class, at the same time to ensure a convenient opportunity to borrow West Germany's scientific and technological achievements.

Although the plan was essentially directed into the future the consequences of the policy of concessions made themselves felt very quickly. At the moment when the positions of the sides at the talks on the elimination of medium-range missiles began to show signs of coming closer together Bonn demanded that 72 American-built Pershing-1A missiles and their nuclear warheads remain on West German territory.

That step can be regarded as nothing less than an attempt at circumventing the Treaty on the Non-Proliferation of Nuclear Weapons and finding a loophole for bringing the Bundeswehr into possession of weapon systems.

With the WEU permission to produce big range missiles the West German Government is defending Pershing-1A's also because it wants to give the country's arms manufacturing concerns many-billion orders for the maintenance, modernization and even development of new types of missiles of that class.

DIE SPIEGEL, a well informed West German magazine, reported that a large-scale program for the modernization of missile systems was being implemented in the country with Bonn's blessing. It should be noted that the case in point is not minor changes in the existing systems, but the development of a new type of medium-range missiles. There even were suppositions that by 1991 they might replace Pershing-1A's currently in service with the Bundeswehr.

Senior Bundesmarine officers are making plans for building up naval power. After the Venice meeting of the seven major industrialized nations which discussed, among other things, the expansion of naval tasks of West Germany in the Atlantic there appeared press comments citing views of experts concerning the need for "modernizing and beefing up" the Navy.

These were followed by a statement by a Defense Ministry spokesman who did not rule out the possibility that the request of the Bundesmarine for modern ships would be met.

Until now the largest West German naval ships were destroyers of the Bremen class. Won't Bonn try to use the "right" given to it by the Western European Union to build larger naval ships?

The developments demonstrate that the concessions to Bonn seriously complicate the situation in the disarmament field and even hinder that process.

The threat to security of the West German population comes not from outside the country, but primarily from the stockpiles of nuclear, chemical and conventional weapons situated on its territory.

Further buildup of those arsenals is bound to cause only greater mistrust which may become a serious obstacle on the road to agreements on ridding Europe of weapons of mass destruction and on reducing armed forces and conventional armaments.

CHERNYSHEV VIEWS SDI-RELATED NUCLEAR PROGRAMS

PM221531 Moscow TRUD in Russian 11 Jun 87 p 3

[Article by Candidate of Technical Sciences Col V. Chernyshev: "Our Readers Ask: What Are Third Generation Nuclear Weapons?"]

[Text] East of San Francisco Bay, in a seemingly peaceful Californian valley fragrant with the scent of eucalyptus and dotted with vineyards, is the Lawrence Livermore radiation laboratory -- one of the three largest U.S. research centers engaged in the creation of nuclear armaments. It is only the barbed wire surrounding the site, THE WASHINGTON POST has written, that reminds visitors that the physicists, in jeans and open-hearted shirts, are conducting unconventional research and that a new -- "third" -- generation of nuclear weapons is emerging.

Why "third" generation? Because it was preceded by the atom bomb, made using fissionable materials (the "first" generation), and thermonuclear weapons (the "second" generation), which form the bulk of the present-day nuclear arsenals. Laboratory spokesmen state that "it will be possible to design dozens, perhaps even hundreds, of new types of weapons which will keep U.S. research organizations and the Nevada test range (where nuclear explosions are conducted) busy for several decades to come."

The existing nuclear arsenal, which, U.S. experts estimate, numbers 26,000 nuclear charges, not enough for the U.S. military-industrial complex. Nor is it satisfied by the fact that the 10-year program now being implemented in the country is to produce 20,000 nuclear warheads or that in the next 5 years alone the government plans to spend $325 billion on nuclear arms production. In addition to everything it already has, official Washington is aiming to create even more sophisticated nuclear arms.

What is fundamentally different about "third generation" nuclear weapons? On detonation, existing nuclear weapons generate a blast wave (in the atmosphere), and emit light, heat, and penetrating radiation (mainly neutron and gamma rays). These are the explosion's so-called kill factors [porazhayushchiye factory]. In addition, a certain percentage of the energy is transformed into electromagnetic radiation. All these forms of energy are dispersed in all directions during the explosion.

"Third" generation weapons are to differ from existing weapons in that, first, in their various forms they will intensify one particular type of energy that is released, for example, electromagnetic or gamma radiation. Second, this energy is to be focused on a definite target. "The weapons we worked on in the past were completely indiscriminate in their action," a director of the Livermore laboratory explains. "The new technology ensures great discrimination." Incidentally, neutron weapons, in which the blast wave is reduced to a minimum and the fast neutron flux is considerably intensified, are a kind of transitional stage between "second" and "third" generation weapons.

Among the various types of "third" generation weapons, TIME wrote recently, "there is a bomb whose main destructive power consists of microwaves (electromagnetic radiation). Detonated in space, it will be able to disable the electronic equipment of the enemy's command centers." According to the magazine, a 10-megaton charge will turn unprotected electronic equipment on earth into "useless junk" with a radius of about 3,000 km.

Nuclear devices whose detonation produces a directed high-energy electromagnetic pulse are intended to disable radioelectronic, radio communication, computer, and other equipment and to "blind" the other side's system of providing early warning of a nuclear missile attack so as to ensure a surprise strike against it and to prevent or weaken a retaliatory strike against U.S. territory.

In addition, the United States is currently developing [razrabatyvatsya] other types of "third" generation nuclear weapons. They include, among others:

-- Nuclear explosive devices which produce a directed stream containing a large quantity of destructive elements (for instance, a whole cloud of metal projectiles). Traveling at extremely high speeds, they can use their high kinetic energy to destroy various targets;

-- Nuclear devices which generate directed beams of high-energy particles (electrons, protons, and neutral atoms);

-- Nuclear-pumped x-ray lasers intended for use in the U.S. "Star Wars" (SDI) program.

Let us dwell in more detail on the x-ray lasers. The space battle station armed with x-ray lasers is conceived by its creators as a nuclear bomb with a yield of around 1,000 kilotons with dozens (U.S. specialists cite the figure 50) of laser cannon barrels [sterzhen-pushka] around it which direct the x-rays generated within them during a nuclear explosion onto the target. The station is like a kind of "hedgehog" whose "body" (the nuclear device) is surrounded by straight rods or "spines."

The x-ray laser was "activated" for the first time in an underground silo in the Nevada desert on 14 November 1980. The test was codenamed "Dauphin." Three months later AVIATION WEEK AND SPACE TECHNOLOGY wrote: The x-ray lasers created on the basis of the successful "Dauphin" test are so small that a sufficient number could be taken into orbit in a single shuttle compartment. In 1983, the journal reported that during underground testing a yield equal to 400 terawatts was achieved from an x-ray laser. One terawatt ("teras" is the Greek for "monster") is the power that could be achieved from a solar reflector with a radius of 18 km. A mirror with a radius of 600 km could produce 1,000 terawatts (that exceeds the total power of all mechanisms of every type operating in the world). And Washington is trying to use those fantastic "monsters" to achieve its hegemonist aims by filling near-earth space with them and using them as space strike weapons!

The x-ray laser, NEWSDAY wrote on 25 December 1985, is the "heart" of the President's "Star Wars." E. Teller, known in the United States as the "father of the American H-bomb," described the x-ray laser as the "most innovative and productive of all the 'star wars' weapons."

All this clearly destroys the myth circulated by official Washington that SDI is "nonnuclear" in character and that the aim of the "Strategic Defense Initiative" is to make nuclear armaments "impotent and obsolete." In actual fact the United States is creating [sozdat] new nuclear armaments for SDI and, furthermore, is striving not only to retain its nuclear offensive forces but also to arm them with "third" generation nuclear weapons.

What is the purpose of all this work? Primarily to "make it possible" to wage nuclear war. "Third" generation nuclear weapons, LE MONDE DIPLOMATIQUE wrote in April 1985, will "ideally meet the requirements of the strategists who are now seeking a weapon suitable for waging a 'limited' nuclear war."

All these dreams are vain and illusory, though. In the opinion of those selfsame U.S. experts, THE WASHINGTON POST reported in June 1986, nuclear weapons will never be selective enough to make their use less disastrous for civilization than was the atom bomb built in 1945 or the hydrogen bomb invented in 1952. An extremely great danger is that "third' generation weapons may make nuclear war more likely, as U.S. leaders will be convinced that a "selective" offensive strike is feasible, the newspaper warned.

"There is no advantage to be gained from this weaponry but it will undoubtedly be presented to Congress as a miracle-worker," Costa Tsipis, the well known U.S. physicist and disarmament specialist, has stated. "A nuclear weapon is just a nuclear weapon."

These conclusions and warnings are noteworthy. What is being done now behind a cloak of secrey in U.S. laboratories and at the nuclear test ranges poses a tremendous danger to mankind -- the danger of the destruction of civilization itself on our planet.

"All countries now face the question of how to avert the nuclear threat. But their answers vary," M.S. Gorbachev stated in his speech to a Romanian-Soviet friendship rally in Bucharest. "Security by means of deterrence, and primarily nuclear deterrence -- that is how the U.S. ruling circles and the leaders of a number of capitalist countries see the question. Our approach is fundamentally different -- it is security through progress toward a world without weapons or violence.

"We offer a realistic path to that: a program for the reduction and complete elimination of nuclear and other types of weapons of mass destruction, the prevention of the extension of the arms race to space, and the ending of nuclear tests."

BOGACHEV MARKS SALT II TREATY 18 JUNE ANNIVERSARY

LD171249 Moscow TASS in English 1223 GMT 17 Jun 87

[Text] Moscow June 17 TASS -- By TASS military writer Vladimir Bogachev:

The Soviet-American treaty on the limitation of strategic arms, SALT-2, was signed in Vienna on June 18, 1979.

World public opinon welcomed the event with immense satisfaction, regarding the agreement as an effective barrier preventing the world from sliding towards a disastrous war.

Arms-control experts emphasized that SALT-2 was a result of sensible compromise displayed by both sides, taking into account the legitimate security interests of both countries and guaranteeing predictability in Soviet-American relations.

The SALT-2 treaty limited the aggregate number of inter-continental ballistic missiles (ICBM), submarine-launched ballistic missiles (SLBM) and long-range bombers.

Restrictions were imposed on the number of strategic missiles with multiple independently-targetable re-entry vehicles (MIRV) and bombers armed with cruise missiles.

SALT-2 prohibited increasing the number of nuclear warheads on the existing MIRV missiles, precluded the deployment of some types of especially dangerous missiles and provided for other measures that substantially reduced the risk of an all-out nuclear war.

Contrary to assertions by American advocates of the arms race, SALT-2 provided for essential cuts in nuclear-weapon systems. The Soviet Union, for instance, on the ratification of the treaty, would have to reduce the number of its strategic delivery vehicles by ten per cent.

The ratification of the SALT-2 treaty was thwarted by the United States under invented pretexts that had nothing whatsoever to do with arms control.

Ronald Reagan, taking up the White House job in January 1981, called the treaty vicious in its very essence.

The President emphasized that his administration did not consider itself bound by the SALT-2 commitments.

U.S. Defence Secretary Caspar Weinberger described the treaty as a sham agreement on arms control.

The Reagan administration's strongly negative attitude to SALT-2 is largely because the treaty set effective barriers in the way of the quantitative buildup and qualitative improvement of strategic arms and thus hindered the implementation of plans to attain military superiority for the U.S., adopted at the Republican Party Congress in 1980.

Later, however, in May 1982, the White House, not daring to challenge openly world public opinion, announced its intention not to undertake any steps that would undermine the treaty.

The U.S. subsequent actions showed, however, that Washington's declaration was insincere from the very beginning.

U.S. Undersecretary of Defence Fred Ikle let the cat out of the bag by saying that the United States was going to abide by international agreements on arms control as long as they did not hinder the implementation of American military programmes.

When in 1986 the U.S. was confronted with the dilemma of whether to continue compliance with SALT-2 or make operational the 131st bomber armed with cruise missiles in an apparent violation of the treaty, Washington immediately proclaimed the agreement to be "dead."

The Soviet Union is not seeking military superiority. It has no grounds to abandon the agreements based on the principle of equality and equal security.

The USSR has always strictly observed all provisions of the SALT-2 treaty. The Soviet side believes that the treaty could play a positive part today for strengthening stability in the world.

The 1979 treaty, an important landmark on the way towards the limitation and reduction of arms, has demonstrated that, despite all the ideological, political and economic differences, the USSR and the U.S. can and should press for progress along the road of peace and stability.

U.S. FAILURE TO RATIFY SALT II DISCUSSED

LD171812 Moscow Domestic Service in Russian 1500 GMT 17 Jun 87

[Aleksandr Zholkver commentary]

[Text] Tomorrow is the 8th anniversary of the signing of the Soviet-U.S. treaty on the limitation of strategic weapons, the so-called SALT II treaty. Here is Aleksandr Zholkver, our political observer:

[Zholkver] I was lucky enough to be in the ceremonial hall of Vienna's Hofburg Palace when the SALT II treaty was signed. All those present realized they were witnessing a truly historic event. For the first time the two nuclear powers came to an agreement not just on the limiting of their stratetic arsenals but also on their subsequent reduction. In this regard, in the Soviet-U.S. communique signed in Vienna, at issue was mutual striving for the conclusion of the treaty on banning nuclear tests, on eliminating chemical weapons, on reducing conventional weapons in Central Europe, as well as mutual commitment not to develop [sozdavat] or test the means for launching nuclear or any other kind of weapons of mass destruction in the earth's orbit. Mutual intention was being stressed to further promote the relaxation of international tension and to promote the development of peaceful and mutually advantages relations between states.

Why were these objectives not attained? Why was it that the SALT II treaty was neither ratified by the United States, nor even presented to the U.S. Senate for ratification? I remember that some of the reasons were named by my U.S. journalist colleagues still in Vienna. At issue was the fact that already then, in the summer of 1979, major U.S. concerns actively began preparing to produce new weapons: the strategic MX missiles and the medium-range Pershing-2, Ohio class nuclear submarines, and the B-1 strategic bombers. Considerable sums were spent on scientific and research work on these armaments. Record profits were expected, and the military concerns did not want to lose such an advantageous business. Other reasons became known somewhat later, when reports were leaked to the press that President Carter, whose signature is at the bottom of the SALT II treaty, also signed a secret directive No 59 which sets out the doctrine of limited nuclear war. Thus, the U.S. military and industrial complex wrecked the SALT II treaty without allowing it even to come into force. Furthermore, the present Washington administration has, on the whole, renounced this treaty, having openly violated its most important clause.

As for our country, it still, as it did in the seventies, actively stands for curbing the arms race and for disarmament, first and foremost the nuclear one. The persistence and, at the same time, the flexibility of the Soviet stance led to the situation where the contours of the Soviet-U.S. agreement on the elimination of nuclear missiles in Europe are now taking shape. The struggle for disarmament continues.

OVCHINNIKOV EYES ASIA MEDIUM-RANGE MISSILES

PM301406 Moscow PRAVDA in Russian 30 Jun 87 Second Edition p 6

[Vsevolod Ovchinnikov "Commentator's Column": "Who Is Against a Nuclear-Free Asia?"]

[Text] A carefully orchestrated ballyhoo about medium-range missiles in Asia has now been launched in the United States, Western Europe, and Japan.

They are trying to depict the Soviet Union as an opponent of the elimination of this class of weapons globally. They claim that "The USSR needs medium-range nuclear systems which would constitute a direct threat to China." This claim is groundless. Both the Soviet and the Chinese leadership emphasize the urgent need for peace to resolve the internal tasks of social renewal. The USSR and the PRC approach a number of key international problems from similar standpoints. The two neighboring socialist states have declared that they will never be the first to use nuclear weapons. They both oppose the militarization of space.

Other views are also being put forward in the West: For instance, that the formula "two zeros plus 100" jeopardizes Japan's security. There was a stormy reaction from the Japanese public to Prime Minister Nakasone's words that "if the USSR does not eliminate all its medium-range missiles in Asia, the United States should station American missiles of this class in Alaska" (that is, keep Soviet territory in its sights). This statement, as the newspaper MAINICHI rightly believes, symbolizes Japan's involvement in the U.S. nuclear strategy and could sharply exacerbate military tension in the northwestern Pacific.

Why did the Soviet Union agree in Reykjavik to keep 100 warheads each on the medium-range missiles of the USSR and the United States? This is a kind of compromise, due to the U.S. Administration's desire to keep nuclear systems in Asia, systems which are deployed against the Soviet Union. The United States has, after all, concentrated a mighty nuclear force in the Asian and Pacific region and is replenishing the nuclear arsenals on its ships and at its military bases on foreign country's territory. This forces the Soviet Union to maintain the balance of forces.

At the same time the USSR is prepared to resolve the problem of medium-range missiles globally. There would be no obstacles to this if the United States agreed to eliminate its nuclear systems in Japan, South Korea, and the Philippines, remove its aircraft carrier flotilla behind agreed borders, and, of course, have no medium-range missiles on its own territory. So the "global zero option" is hampered not by Moscow's objections, but by Washington's nuclear ambitions in the Asian and Pacific region.

PACT FOREIGN AFFAIRS OFFICIALS MEET IN WARSAW

LD301702 Moscow TASS International Service in Russian 1611 GMT 30 Jun 87

[Text] Warsaw 30 Jun (TASS) -- The deputy ministers of foreign affairs of the Warsaw Pact states met in Warsaw today. They reviewed the results of the work carried out so far at the Viennese meeting of CSCE representatives, and the possibilities and prospects for successfully concluding it were examined.

In this context certain concrete steps that could help in developing pan-European cooperation and improving mutual understanding between the participants of the CSCE were also discussed.

The deputy ministers of Bulgaria, Hungary, GDR, Romania, USSR and CSSR had a discussion with Henryk Jaroszek, undersecretary of state of the Polish Ministry of Foreign Affairs and general secretary of the Warsaw Pact Political Consultative Committee.

TOLKUNOV DEPARTS FOR HEADS OF PARLIAMENT FORUM

LD010740 Moscow TASS in English 0700 GMT 1 Jul 87

[Text] Moscow July 1 TASS -- Lev Tolkunov, chairman of the Soviet of the Union of the USSR Supreme Soviet, left Moscow for Warsaw today to attend a meeting of the heads of parliaments of the Warsaw Treaty member states.

INTERNATIONAL SCIENTIFIC SESSION OPENS IN MOSCOW

PM301408 Moscow PRAVDA in Russian 30 Jun 87 Second Edition p 6

[TASS report: "Scientific Session"]

[Text] Topical questions of the acceleration of the socialist society's socioeconomic development, the role of the working class in present-day revolutionary processes, and the working people's struggle for peace and social progress are at the center of attention at an international scientific session which began work 29 June at the Institute of the International Workers' Movement in Moscow. The session is conducted by the special commission for multilateral cooperation of the socialist countries, "The Working Class in the World Revolutionary Process," in connection with the 70th anniversary of Great October.

Taking part in the session are researchers and leaders of a number of scientific institutions and senior officials from the Central Committees of the communist and workers' parties, party educational establishments and scientific institutions, trade unions, and their research centers from a number of the fraternal socialist countries. The session continues its work.

UN'S PEREZ DE CUELLAR CONTINUES VISIT

Meets Officials, Receives Medal

PM301443 Moscow IZVESTIYA in Russian 30 Jun 87 Morning Edition p 6

["Presentation of UN Commemorative Medal"]

[Text] In the Kremlin 29 June, Andrey Andreyevich Gromyko, member of the CPSU Central Committee Politburo, chairman of the USSR Supreme Soviet Presidium, had a meeting with UN Secretary General Perez de Cuellar. Taking part in the meeting were Comrade Yakovlev, member of the Politburo and secretary of the CPSU Central Committee; Comrade Demichev, candidate member of the CPSU Central Committee Politburo, first deputy chairman of the USSR Supreme Soviet Presidium; Marrack Goulding, Diego Cordovez and V.S. Safronchuk, members of the Commission for holding the UN Year in the USSR and the International Peace Year, deputy UN secretaries general; other officials.

A memorial medal of the United Nations to mark the International Peace Year was presented. It was taken by Comrade Gromyko as chairman of the Commission for holding the UN Year in the USSR and the International Peace Year.

During the presentation of the medal Perez de Cuellar made a speech. By a happy coincidence, he noted, the chairman of the Soviet Commission for holding the International Peace Year is also the chairman of the USSR Supreme Soviet Presidium. The fact that one of the highest leaders of a state, and one of those who signed the UN Charter, took a personal part in the work of the commission is another confirmation of the importance which the people of the Soviet Union ascribe to the program of the peace year.

Interdependence from the point of view of security is an inalienable part of the reality of the contemporary world. The authors of the UN Charter, showing perspicacity, guested in advance the manifestation of such a requirement, and foresaw the creation and maintaining by all members of the United Nations of a system of international security. He noted that during the holding of the International Peace Year, the Soviet Union and other socialist states proposed the creation of an all-embracing system of international peace and security. This initiative was directed toward the implementation of the aims and principles of the United Nations, and the utilization of the whole potential of the UN charter in the cause of maintaining peace and security by working out mutual guarantees on all aspects of interstate relations.

The public meeting and gatherings held in the Soviet Union in 1986 clearly showed that the Soviet Union has a profound interest in peace and disarmament and eliminating nuclear weapons.

In presenting you with this medal, we sincerely value the contribution which was made by the commission under your leadership to the cause of coordinating the holding of the International Peace Year. The medal is also being presented with the hope that the spirit of 1986, and also adherence to its ideals will continue in tireless and long-term efforts aimed at achieving peace.

A reply speech was made by Andrey Andreyevich Gromyko. He said:

We assess the handing over to you to the National Commission for holding the International Peace Year in the USSR of this medal of honor as a recognition of the enormous contribution with the Soviet Union is making to the cause of strengthening peace.

Our state was among the first to respond to the appeal of the UN General Assembly to mark 1986 as an International Peace Year. At a joint session of the Commissions for Foreign Affairs of the Soviet of the Union and the Soviet of Nationalities of the USSR Supreme Soviet in January 1986 a declaration was adopted welcoming the decision of the General Assembly to declare 1986 an International Year of Peace, and expressing support for its basic aims.

In the very first month of the Interantional Year, the Soviet Union put forward an historic initiative on creating a nuclear-free world. The statement by CPSU General Secretary Mikhail Sergeyevich Gorbachev on 15 January 1986 put forward proposals for the total elimination of nuclear weapons by the year 2000, for prevention of an arms race in space, for banning and elimination of chemical weapons, and for reductions in conventional weapons. Together with the other socialist countries, the Soviet Union submitted to the 41st session of the UN General Assembly a proposal for the creation of an all-embracing system of international peace and security. It gained broad international approval, and will be the subject of further examination at the upcoming session of the assembly. It is only the U.S. adherence to the "Star Wars" program that prevented the embodiment of what was achieved in Reykjavik in an agreement.

Many events devoted to the International Peace Year were staged in the Soviet Union itself, as well. The Soviet Union unflaggingly wages a struggle for peace. Continuing these efforts, this year our country has now proposed the complete elimination of medium-range missiles and operational and tactical missiles in Europe. I would like to express the hope that the talks on this issue will lead to an agreement.

Work on restructuring the nation's economy and society is organically linked with the peaceloving foreign policy. This was reaffirmed by the CPSU Central Committee plenum which has just been held. Of course, there are in the world very influential forces which would like peoples to come to terms with the arms race, and with the terrible military danger. These forces gave a hostile reception to the noble aims for the International Peace Year as well. You, Mr Secretary General, know well how they received these ideas and proposals. But we are in no doubt that all the obstacles must and, most importantly, can be overcome, if the peoples and their governments, true to the aims and principles of the UN Charter, act energetically, resolutely and cohesively. Our people consider that the noble aims of the Peace Year must continue to be the basis of actions by UN member states and by all peace-loving forces, and should serve as a reference point for them both this year and in subsequent years. The United Nations could make a substantial contribution to the construction of a nuclear-free and non-violent world.

Your personal contribution to the United Nations's activities is highly valued in the Soviet Union, and we wish you success, pay due tribute to your role in the solution of the complex tasks facing the organization. I would like to assure you, Mr Secretary General, that the Soviet Union, adhering firmly to the aims and principles of the International Peace Year, will continue to give every assistance to the enhancement of the effectiveness of the United Nations as an efficacious instrument for the guaranteeing of peace and international security.

The speeches by Perez de Cuellar and Andrey Andreyevich Gromyko were received with applause.

Following the presentation of the memorial medal, a conversation was held between Andrey Andreyevich Gromyko and Perez de Cuellar, in which Comrades Yakovlev, Demichev and Petrovskiy, deputy USSR minister of foreign affairs, and M. Goulding, D. Cordovez, and V.S. Safronchuk took part. During the conversation issues were discussed connected with today's international situation and with the need to enhance the United Nation's role in the struggle for consolidation of peace and for the creation of an all-embracing system of international security. On the Soviet side, it was noted that our country has always attached great importance to the United Nations as an instrument for the support of peace and as an organization which can, and should, become something which guarantees peace.

Presents Medal to Gromyko

LD291503 Moscow TASS in English 1412 GMT 29 Jun 87

[Text] Moscow June 29 TASS -- The United Nations secretary-general presented a U.N. Medal marking International Year of Peace to Andrey Gromyko, member of the Politburo of the CPSU Central Committee and president of the Presidium of the USSR Supreme Soviet, in the Kremlin today.

Javier Perez de Cuellar is in the Soviet Union on an official visit at the invitation of the Soviet Government.

Receives Moscow University Degree

LD291239 Moscow TASS in English 1213 GMT 29 Jun 87

[Text] Moscow June 29 TASS -- A medal and a diploma of doctor emeritus of Moscow State University were presented to Javier Perez de Cuellar, the United Nations secretary-general, in a ceremony today.

The ceremony took place in the university building on Lenin Hills in the presence of scientists and students of the country's oldest higher educational establishment founded in the 18th century by Mikhail Lomonosov, a great Russian scientist.

Addressing Javier Perez de Cuellar, Anatoliy Logunov, rector of the Moscow State University, praised his contribution as a lawyer to the development of the science of law and his fruitful work as the United Nations secretary-general.

"Soviet people," he said, "support the activities of the United Nations. They highly value the personal contribution made by the secretary-general to the drafting and adoption of a series of important documents of the United Nations."

Presenting the medal and the diploma, Anatoliy Logunov asked the United Nations secretary-general two traditional questions: "are you prepared to uphold the ideals of peace and friendship among nations?" and "are you prepared always to promote the progress of science.?"

The answer was laconic -- "yes". Javier Perez de Cuellar said that he regarded the medal and the diploma as the recognition of the activities of the United Nations.

He said that while staying in the university he was thinking of students and youth to whom future belonged and emphasized that the common task of all was to preserve peace for the future generations.

The secretary-general spoke of the lofty role of the United Nations in strengthening peace and resolving disarmament problems.

He said that dialogue between the Soviet Union and the United States on key issues of world politics was promising.

There are no problems in the world which cannot be resolved by peaceful means, the United Nations secretary-general said. He wished scientists and students success in developing science and directing it to the service of peace.

The United Nations secretary-general is staying in the Soviet Union on an official visit at the invitation of the Soviet Government.

Attends Dinner, Speaks

PM011035 Moscow IZVESTIYA in Russian 1 Jul 87 Morning Edition p 8

[TASS report under general heading: "UN Secretary General in USSR Foreign Ministry"]

[Text] E.A. Shevardnadze gave a dinner in honor of the UN secretary general at which there was an exchange of short speeches.

Welcoming J. Perez de Cuellar's visit to the Soviet Union, the USSR foreign minister stressed that the United Nations and its secretary general can invariably count on active, firm support from the Soviet side in all missions and ventures undertaken in accordance with the lofty goals and principles of the UN Charter. He recalled M.S. Gorbachev's statement regarding the Soviet Union's readiness to do everything to enhance the United Nations' prestige and to strengthen its political, legal, and moral status in international affairs and above all informing states' new political thinking and modus operandi.

The Soviet Union has suggested the concept of transferring to a nuclear-free nonviolent world, which is an inalienable part of the socialist states' joint initiative for creating an all-embracing system of international peace and security.

Security and nuclear weapons are incompatible concepts. It is axiomatic that the existence of nuclear weapons is preventing the United Nations from effectively undertaking actions with regard to the threat to peace, violations of peace, and acts of aggression.

The Soviet Union, which has nuclear weapons, is prepared, to put it simply, to replace the illusion of security with a guarantee of security for itself and for all which the United Nations provides on the basis of the provisions of its charter, backed up by an all-embracing system of peace and international security elaborated with the general consensus of all UN states.

We are convinced that this accords with the interests of all states, accords with the genuine democratization of international relations, consolidates the principle of states' collective security, and asserts faith in basic human rights, in the dignity and value of the individual person, and in equal rights for great and small nations.

It seems to us that an all-embracing system of international peace and security can be asserted only on the basis of a sharp increase in the role and responsibility of the United Nations and all its institutions, primarily the Security Council, General Assembly, specialized organs, secretariat, and general secretariat. As you can see, there is a great amount of feedback here: In asserting this system the United Nations will be improved as the main guarantee of a nuclear-free nonviolent world.

For his part, J. Perez de Cuellar noted that Soviet people's cordiality and hospitality are a confirmation of their unvarying and growing support for the United Nations' activity. There is scarcely any need to say much about how the Soviet Union, as one of the main founders of the United Nations and a permanent member of the Security Council, is playing a very important role in promoting this worldwide organization's fulfillment of its mandate and its implementation of its broad potential. There is no doubt that all countries are vitally interested in peace and in creating a reliable system of international security. But the main responsibility for this invariably rests with the most powerful states. Open dialogue between the great powers and the display by each of equal respect for the interests and requirements of the other UN states promote the creation of a climate of trust. It is in this climate that fruitful initiatives become possible for resolving both global and regional problems.

I value General Secretary M.S. Gorbachev's frequent calls for the consolidation of the United Nations' political, legal, and moral prestige and for the better use of its procedures for settling disputes. It is to be hoped that these calls will lead to specific results.

The meeting in Reykjavik highlighted possibilities for a radical reduction in nuclear arsenals -- possibilities which have frequently been ignored in the past as being unrealistic.

The Soviet Union has come out with initiatives which, together with the reaction they are generating, are helping to overcome the psychological barrier on the path to halting the nuclear arms race.

It may be noted with satisfaction that promising changes have been noted in international affairs in the course of the year which the General Assembly has proclaimed the year of peace.

I hope this has also helped the peoples to see again in the UN Charter a lodestar which can show mankind the way to a secure future.

With J. Perez de Cuellar at the dinner were the officials accompanying him on his trip.

A.F. Dobrynin, secretary of the CPSU Central Committee, deputy chairmen of the USSR Council of Ministers, and leaders of a number of ministries, departments, and public organizations were present on the Soviet side.

MOSCOW DISMISSES WEST'S CRITICISM OF PLENUM RESULTS

LD272318 Moscow Domestic Service in Russian 1800 GMT 27 Jun 87

[Commentary by Viktor Levin: "The CPSU Central Committee Plenum and the Western Press."]

[Text] We have already reported the great attention being paid by the mass media of the entire world, including that in the West, to the materials of the CPSU Central Committee Plenum, which ended yesterday in Moscow. It may be claimed, quite boldly, that no one missed this event. Today, the first commentaries appeared, and I think it would be quite interesting to analyze the thoughts expressed by the press in the service of capital on the decisions of the plenum. Above all, what is most noticeable is the fact that the press remarks on the boldness and the scale of the reforms affirmed by the plenum. The adjectives used are very vivid: captivating plans, unprecedented tasks. That is the way the decisions of the plenum are described.

If the commentaries were without any "buts," one could be content just with what has been said. There are, however, some "buts." It should be admitted, it would have been surprising, no, staggering, had our class antipodes applauded our plans. Let us just again recall the essence of the transformations drawn by the party. As Comrade Gorbachev said at the plenum, what we are now doing, planning and suggesting should strengthen socialism; remove whatever stands in the way of the development of socialism and holds back its progress; reveal its enormous potential in the interests of the people; bring to bear all the advantages of our social system; and should endow it with the most up-to-date forms. That is our goal. Of course, it was hardly likely to thrill the Western press, and this it has not done.

It was possible to predict what Gorbachev would tell the Central Committee, writes the French paper LE QUOTIDIEN DE PARIS. But no one had any inkling that he would go as far as he did. The question of whether the Soviet organism will take the medicine prescribed by Doctor Gorbachev remains open. The system is totally unprepared for this.

In various ways, this refrain is taken up by many papers. The plans, they say, are bold, but unworkable in a socialist state. Many organs of the press -- and here I could cite the West German RUHR-NACHRICHTEN -- try stubbornly to press the notion that the combination of the principles of planning with trade and monetary relations is quite unthinkable, and foist their advice to go the way of the capitalist states.

The CPSU Central Committee Plenum has clearly and convincingly shown that we are going our own way -- the way of socialism.

It is doubtful whether the Soviet Union will be able to carry through its goals, writes THE LONDON TIMES. We have been hearing hysterical outbursts over our plans for 70 years, and for 70 years we have shown that socialism can cope with any tasks. We will again show this now.

NINTH U.S. NUCLEAR TEST EXPLOSION REPORTED

LD302020 Moscow TASS in English 2001 GMT 30 Jun 87

[Text] New York June 30 TASS -- The United States conducted another nuclear test explosion code-named Panchuela, on its Nevada test range.

According to a spokesman for the U.S. Department of Energy, its yield was up to 20 kilotons. The test was carried out underground at a depth of approximately 315 meters.

The ASSOCIATED PRESS news agency noted that it was the ninth declared nuclear test in the United States in 1987.

WHITE HOUSE BRIEFS PRESS ON PERSIAN GULF PLANS

LD302258 Moscow TASS in English 2209 GMT 30 Jun 87

[Text] Washington June 30 TASS -- A regular briefing in the White House Tuesday was attended by U.S. Secretary of State George Shultz, Secretary of Defense Caspar Weinberger, Frank Carlucci, assistant to the President for national security affairs, and William Crowe, chairman of the Joint Chiefs of Staff.

Addressing media people, Marlin Fitzwater, presidential assistant for press relations, read out a statement by the President reaffirming the U.S. intention to put Kuwaiti tankers in the Persian Gulf under the U.S. flag shortly and escort them with U.S. naval ships.

At the same time the statement said that the United States proposed to call a special meeting of the United Nations Security Council in mid-July to find ways and means for bringing about an end to the Iranian-Iraqi war (the U.S. is known to have done much to kindle it in the first place with its covert arms supplies to Iran).

Answering the question why the U.S. Administration failed to heed voices in Congress which called for postponing U.S. naval operations in the Persian Gulf and for a change of flag on Kuwaiti tankers, George Shultz said that the decisions to take those actions has been worked out in due manner and that the administration had no intention of postponing them.

To sound more convincing the U.S. secretary of state also used allegations about a "Soviet threat" in the Persian Gulf.

FORMER PRESIDENT CARTER ARRIVES IN MOSCOW

LD010836 Moscow TASS in English 0747 GMT 1 Jul 87

[Text] Moscow July 1 TASS -- Former U.S. President James Carter arrived in Moscow on June 30. At the airport he was met by Georgiy Korniyenko, deputy to the USSR Supreme Soviet.

ZIONISTS THOUGHT RESPONSIBLE FOR BOMB IN NEW YORK

LD010609 Moscow TASS in English 0555 GMT 1 Jul 87

[Text] New York July 1 TASS -- An explosive device was uncovered nearby the Metropolitan Opera theatre several hours before the performance of the ballet troupe of the Soviet Bolshoi theatre. Police representatives announced that it was defused.

The explosive device was accidentally spotted by a passerby less than four hours before the start of the performance. About the same time an unknown person telephoned the UPI news agency and thundered threats against Soviet actors. According to a UPI report, it was clear from the conversation that the provocation had been committed by the militant Zionist group Jewish Defense League. It is responsible for several terrorist acts against Soviet offices and nationals in the USA including actors who had come here on guest tours.

Policemen who arrived to the Metropolitan Opera building defused the explosive device with a special robot. The Police said that they did not know at what time the device was to go off.

Johanna Fidler, a Metropolitan Opera management representative, told TASS that people who came to see the play by the famous company, were patiently waiting for police to complete their work. As a result of the incident, the theatre managment was forced to take additional security measures. For instance, personal examination was made at the entrance to the auditorium. The opening night of Soviet actors -- The "Golden Age" ballet -- started about an hour later due to the provocation.

CONFERENCE CRITIQUES U.S. 'MILITARISTIC DOCTRINES'

LD302043 Moscow TASS International Service in Russian 1510 GMT 30 Jun 87

[Text] Moscow, 30 June (TASS) -- In Moscow on 29 and 30 June there was an international scientific conference, "Criticism of the Militaristic Doctrines of the United States," conducted by the United States and Canada Institute of the USSR Academy of Sciences jointly with the Institute of Military History of the USSR Ministry of Defense. Taking part in the conference were leading Soviet specialists and scholars, and public figures from a number of foreign countries. The participants in the conference discussed three questions: The United States nuclear space doctrine, and the doctrine of the use of conventional armed forces and the concept of "low intensity conlficts," which together comprise the aggressive essence of the so-called "Reagan Doctrine" and U.S. "neoglobalism."

Particular attention was paid to criticism of the concept of "low intensity conflicts." It was noted in the discussions that this concept is called upon to justify the Reagan administration policy of state terrorism, economic blackmail, and the destabilization and elimination of regimes it does not like by any method, including armed aggression. Well-argued criticism and the unmasking of the reactionary essence of the militaristic U.S. doctrines and concepts should become important components in the struggle of peace-loving forces to eliminate hotbeds of international tension in various regions of the world and for the political settlement of conflicts.

ZHAO ENDS VISIT TO PAKISTAN, PLANE DEAL AGREED

PM271357 Moscow PRAVDA in Russian 26 Jun 87 Second Edition p 7

[TASS report: "Zhao Ziyang Visit to Pakistan"]

[Text] Beijing, 25 Jun -- The visit of PRC State Council Premier Zhao Ziyang to Pakistan has come to an end. As a XINHUA report notes, during his final meeting with Pakistani President Ziaul Haq the sides confirmed their intention to strengthen bilateral relations in all spheres. The Chinese side again expressed support for the position held by Pakistan on the Afghan problem and approved its policy on this question.

Islamabad, 25 Jun -- Citing "informed sources," the newspaper MUSLIM reported a Chinese decision to supply Pakistan with 200 new F-7M planes and also tanks, artillery guns, and other combat equipment.

The F-7M planes, the paper notes, are fitted with the U.S.-built engines used in the F-20 planes manufactured in the United States. All the main systems of the new aircraft are computerized. According to the paper's information, the first 80 planes will be delivered during the next few months.

PRC DEFENSE MINISTER ON ARMY MODERNIZATION

PM271227 Moscow KRASNAYA ZVEZDA in Russian 26 Jun 87 p 3

[TASS report: "Statement by PRC Defense Minister"]

[Text] Beijing, 25 Jun -- China attaches great importance to the modernization of its national defense and armed forces in conditions of the implementation of reforms, PRC Defense Minister Zhang Aiping said here. He cited stepped up restructuring and training of the forces, the concentration of budget allocations on the improvement of conventional arms, and "limited but effective nuclear retaliation strike forces" as specific measures to achieve this aim.

Zhang Aiping expressed satisfaction at the progress of reform in the Chinese Army during the past 2 years, noted that the task of reducing mechanized and infantry units and formations of the ground forces and the marines and of the number of large military district from 11 to 7 had been implemented, and spoke of the need to utilize electronic and laser equipment during the training of troops in the Chinese army.

"China has now created its own system of military research and military production and has resolved the problem of providing the Army, Navy, and Air Force with both modern conventional arms and strategic nuclear missiles," the PRC defense minister said. However, he noted, the main problem confronting the Chinese Army remains the "contradiction between the objective requirements of modern warfare and the low standard of the Chinese Army."

ALEKSANDROV ON U.S.' OKINAWA, ROK EXERCISES

OW151442 Moscow in Japanese to Japan 1000 GMT 12 Jun 87

[Igor Aleksandrov commentary]

[Text] Listeners, 27 U.S. F-16 bomber-fighters stationed at the Misawa Airbase in Japan will be engaged in an exercise in Okinawa and South Korea from late June until early July. According to the KYODO report, during the exercise these F-16's will be deployed at first the Kadena base and then moved to the Kunsan base in South Korea. In connection with this exercise, Igor Aleksandrov, our military affairs commentator, writes as follows:

The deployment in Japan of U.S. F-16 fighter-bombers, which are capable of carrying nuclear weapons, started in March, 1986, and the number of F-16's deployed at the Misawa base is expected to reach 52 by the end of July. This will not be the F-16's first exercise over Japan and in foreign countries. However, in reading a report on such exercises we cannot but reach the following conclusions:

First, more and more facts prove the violation of the three nonnuclear principles declared by the Japanese Diet. In fact, as usual, the U.S. forces authorities are maintaining that no nuclear weapons have been introduced into Japan, insofar as they have given no prior notice. However, we can cannot but say that this pretext is at minimum weak. The pretext is still more flimsy because it has beens disproved by former high-ranking U.S. officials, including former Ambassador to Japan Reischauer and retired Rear Admiral Larocque, former captain of the aircraft carrier "Midway." For example, George Bush, former captain of a U.S. strategic submarine, stated in an interview with ASAHI SHIMBUN that he had never heard of warships unloading nuclear weapons before calling at ports anywhere.

Now nuclear weapons are carried not only on warships but also on aircraft. As is known to all, F-16 fighter-bombers are primarily designed to carry nuclear weapons.

Let's look at the coming exercise from another point of view: It is said at the U.S. Department of Defense that the F-16 has a great operational range, which makes the plane capable of dealing a blow at Soviet territory. This point conforms with the so-called oceanic strategy that has been recently formulated by the Reagan administration. This strategy includes a plan to start a so-called second front in Asia if a war breaks out in the Middle East or Europe. Such a doctrine will certainly arouse distrust. However, let us put this point aside for now.

The most important task at present is precisely the opposite of the strategy just mentioned. In other words, the most important task is to find ways to prevent military confrontations and achieve peace and nuclear disarmamaent. However, according to U.S. plans, U.S. nuclear forces in Japan, including naval vessels and Air Force planes, will be utilized to deal blows in the Soviet far east in the event of confrontations in the Middle East or Europe. (Solomon), director of the bureau of policy planning in the Defense Department, stated this point last year. As stated in the above, it is already politically plannned in Washington to involve Japan in nuclear wars that the United States may start.

In viewing this exercise we must also consider the Korean situation, as the F-16s will be flying in the area near the Kunsan training base. In his speech in Vladivostok last year CPSU General Secretary Gorbachev stated his apprehensions concerning the attempt to form a trilateral military alliance of Washington, Tokyo, and Seoul in the Asian and Pacific region under U.S. pressure.

There are many examples: In this year alone, South Korea's chief of the army staff and chairman of the joint staffs have visited Japan, and Japanese observers have participated in the Team Spirit exercise, the annual joint military exercise between the United States and South Korea. Also, economic aid provided by Japan has played an important role in developing military and economic power in South Korea. The F-16's current course, the so-called nuclear course, has connected Japan and South Korea with a joint link.

U.S. Defense Secretary Weinberger touched on Japan's role in his report on the budget plans for military expenditures for the 1987 fiscal year and emphasized that Japan has played the role in forming geographical and ideological barricades against the USSR in Asia, which the NATO member states played the same role in Europe.

It seems that high-ranking U.S. Defense Department officials have not yet come to realize that the situation demands the destruction, rather than the establishment, of such barricades. Such barricades should be removed and a bridge of goodneighborliness should be built.

PRAVDA VIEWS U.S. 'ALARM' AT ROK SITUATION

PM231100 Moscow PRAVDA in Russian 21 Jun 87 Second Edition p 5

[Own correspondent V. Gan report under general heading "The Torrent of Reports": "The 'Anchor' Drags Along the Bottom"]

[Text] The people's uprisings against the Chon Tu-hwan regime in South Korea are causing serious alarm in Washington. Consultations are currently being held in the administration and the Congress, to analyze the emerging situation in South Korea.

The concern on the banks of the Potomac is quite understandable. U.S. military-political strategists have long regarded South Korea as one of the main "anchors" of U.S. policy in the Far East and a bastion of "opposition to communism."

The growing actions by the South Korean opposition have forced the Reagan administration to go over from waiting it out to behind-the-scenes interference with a view to settling a potentially dangerous conflict. As ABC television reported today, the U.S. ambassador in Seoul has handed Chon Tu-hwan a personal message from President Reagan, in which the latter "advises" him not to react "excessively" to the street demonstrations, and to resume talks with the opposition. In other words, Seoul is asked to display enough flexibility to attempt to curb the people's rage with promises of reforms. The desired thrust of these reforms can be clearly seen in a resolution approved by a subcommittee of the U.S. House of Representatives, dictated, as THE NEW YORK TIMES writes, by considerations of "the political stability and security" of South Korea, that is, basically, the task of maintaining the status quo.

At the same time it is clear from press reports that Washington stubbornly gambles on its puppet Chon Tu-hwan. THE WASHINGTON TIMES newspaper, which is close to the administration, points out: "He is in a better position than the opposition to ensure the defusing of the situation." If so, the newspaper's following remarks are not surprising: "Washington advises the regime not to impose a state of emergency or take tough military measures."

Inherent in the administration's actions is the desire to preserve U.S. positions in that strategically important country by consolidating Seoul's pro-U.S. orientation.

LEADERSHIP BODIES GREET FRELIMO ON ANNIVERSARY

PM271245 Moscow PRAVDA in Russian 25 Jun 87 Second Edition p 1

[USSR leading bodies' anniversary greetings to Mozambican counterparts]

[Text] To the Frelimo (Mozambique Liberation Front) Party Central Committee, the Permanent Commission of the People's Assembly, and the Council of Ministers of the People's Republic of Mozambique.

On the occasion of the 25th anniversary of Frelimo and the 12th anniversary of the proclamation of independence of the People's Republic of Mozambique we send the Frelimo Party Central Committee, the Permanent Commission of the People's Assembly, the Council of Ministers of the People's Republic of Mozambique, and the entire Mozambican people the warmest and most sincere congratulations.

A quarter of a century ago Frelimo discharged its glorious historic mission with honor. It rallied and inspired the people's masses for the struggle against colonial rule, led Mozambique to independence, and launched the work for the elimination of the burdensome legacy of the past and the implementation of important political and socioeconomic transformations in the People's Republic of Mozambique. The decision to establish the Frelimo Party as the vanguard of the Mozambican working people, adopted at the Third Frelimo Congress, was an important step in the country's further development.

Friendly Mozambique is going through a difficult period at the moment. International reactionary circles and the racist Republic of South Africa are using every means available from economic blackmail and support for criminal bandit groupings to direct acts of aggression in order to force Mozambique off its chosen path and make it abandon the ideals of independence, progress, and social justice. However, the people of Mozambique and the Frelimo Party are fully determined to rebuff reactionary intrigues.

Mozambique is not alone in its struggle. It has the Soviet Union, the other socialist countries, the Frontline States, and progressive forces and people of goodwill throughout the world on its side.

The relations of friendship between the CPSU and the Frelimo Party and between the USSR and the People's Republic of Mozambique have withstood the test of time. They reliably serve the interests of our peoples and the cause of the struggle for peace, international security, independence, and social progress. The friendship and cooperation between our countries is cemented by the treaty whose 10th anniversary was widely marked in the spring of this year. We are convinced that the good traditions of Soviet-Mozambican friendship will be further multiplied in the future.

We wish you, dear comrades, the Frelimo Party, and the entire Mozambican people success in your just struggle.

The CPSU Central Committee

The USSR Supreme Soviet Presidium

The USSR Council of Ministers

OVERFLYING JARUZELSKI GREETS GORBACHEV, GROMYKO

PM010855 Moscow PRAVDA in Russian 28 Jun 87 Second Edition p 2

[TASS report: "From On Board Aircraft"]

[Text] Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the Polish Council of State, has sent a telegram to M.S. Gorbachev, general secretary of the CPSU Central Committee, and A.A. Gromyko, chairman of the USSR Supreme Soviet Presidium, from on board his aircraft.

The telegram reads:

"Overflying USSR territory, I send cordial greetings to the CPSU Central Committee, the fraternal Soviet people, and you personally, dear comrades.

"The tremendous efforts being made by the Soviet people under the CPSU's leadership with a view to restructuring and accelerating socioeconomic development enjoy our full support and profound sympathy. I wholeheartedly wish you further successes in realizing the historic aims and tasks elaborated by the 28th congress and boldly developed at the CPSU Central Committee June Plenum, which has just ended."

JARUZELSKI MEETS WITH KHABAROVSK OFFICIALS

LD271535 Warsaw PAP in English 1343 GMT 27 Jun 87

[By PAP special correspondent Michael Czarnecki]

[Text] Warsaw, June 27 -- President of the Council of State Wojciech Jaruzelski, on his way to Japan, made a stop over in Khabarovsk (far-eastern U.S.S.R).

At the airport he was greeted by Chairman of the Khabarovsk land's National Executive Committee Nikolay Daniluk and the 2nd Secretary of the land's CPSU Committee Gennadiy Borovik. Wojciech Jaruzelski and his wife received flowers from a group of Pioneers (Soviet scouts).

After a short rest in a residence given to his disposal, Wojciech Jaruzelski accompanied by the Khabarovsk land's hosts laid a bunch of white and red carnations at the monument to those killed in the Great Patriotic War.

The Polish leader also met with a group of veterans gathered near the monument with whom he held a very sincere talk. Wojciech Jaruzelski whole-heartedly thanked them for their sacrifice and gallantry during the war. He recalled that 600,000 Soviet soldiers had died on Polish soil and also spoke about the tremendous losses suffered by the Polish nation during the war.

Next, the president of the Council of State laid flowers at Lenin's statue erected in Khabarovsk's central square. During a tour of the city Wojciech Jaruzelski acquainted himself, among others, with an exhibition of the far-eastern military district's museum.

In the evening the hosts gave a gala reception in honour of Wojciech Jaruzelski and the members of the delegation accompanying him.

LCY CC PLENUM DISCUSSES KOSOVO SITUATION

LD270624 Moscow Television Service in Russian 1937 GMT 26 Jun 87

[Vladimir Tsvetov on "The World Today" Program]

[Text] A plenum of the LCY Central Committee has opened in Belgrade. Problems relating to the situation in the autonomous Province of Kosovo are being discussed. In 1981 nationalist disturbances broke out in Kosovo where the inhabitants are mainly Albanians. The Yugoslav leadership undertook steps to settle the situation; however, as was noted at the plenum, it has proved impossible to achieve a fundamental breakthrough. Intranational relations have been undermined in Kosovo. Under pressure from Albanian nationalists, the Serbs and Montenegrins who live there have been forced to leave their native hearths. Kosovo's complex internal political situation seriously threatens the stability of Yugoslavia, said Orlandic, member of the LCY Central Committee Presidium. The LCY should critically consider all aspects of the situation and establish why the party decision on Kosovo is not being implemented.

Fundamental shortcomings in the activity of the provincial party organization are revealed in the report, including in the ideological and education work among young people who have been subjected to the influence of nationalist forces. Furthermore, the work of the provincial party organization is complicated by the economic and social crisis in Kosovo. At present, the per capita income in this province barely reaches 30 percent of the average Yugoslav level. The province has the highest percentage of unemployment. In order to correct the situation, it is proposed to decisively change the economic structure and investment policy, and to use productive capacities more effectively.

In many party organizations -- and this was highlighted by the rapporteur -- steps are not taken with respect to those who bear the responsibility for the slow removal of the causes of instability in the province.

GORBACHEV ANTHOLOGY PUBLISHED IN YUGOSLAVIA

PM301516 Moscow PRAVDA in Russian 30 Jun 87 First Edition p 5

[TASS report: "Collection of Speeches"]

[Text] Belgrade, 29 Jun -- The Mladinska Kniga publishing house has published in the Serbo-Croatian language a collection of speeches, reports, and addresses by M.S. Gorbachev, general secretary of the CPSU Central Committee. It includes materials for the period from April 1985 through February 1986, analyzing the domestic and foreign policy of the CPSU and the Soviet state.

In many fundamental areas of social development, the foreword to the publication notes, the present stage in the history of Soviet society is a turning point. The essence of the transformations taking place in the USSR is the acceleration of the country's socioeconomic development and the boosting of society to a fundamentally new level. It is above all a question of the transition to a footing of more intensive development.

The book's materials reflect the basic fundamentals of the international activity of the CPSU and the Soviet state. The peace initiatives put forward by M.S. Gorbachev are aimed at eliminating the danger of thermonuclear castastrophe, curbing the arms race, primarily the nuclear arms race, and preventing the militarization of space, the publishing house stresses.

GERMAN-SOVIET FRIENDSHIP SOCIETY HOLDS MEETING

LD252204 East Berlin ADN International Service in German 1746 GMT 25 Jun 87

[Text] Moscow, 25 Jun (ADN) -- The firm alliance and close cooperation between the GDR and the USSR were reiterated in Moscow today at a festive function held by the Soviet Society for Friendship with the GDR. Pilot and cosmonaut Anatoliy Filipchenko, first deputy chairman of the Central Executive Council, conveyed cordial congratulations on the 40th anniversary of the founding of the Society for German-Soviet Friendship on behalf of millions of activists in the USSR friendship society. A firm foundation for the alliance between the two peoples is cooperation between the CPSU and the SED. A new impetus for this always emanates from the meetings between Mikhail Gorbachev and Erich Honecker.

GDR Ambassador Gerd Koenig said that never before had the fraternal relations between the SED and the CPSU, and between the GDR and the USSR, been so strong as since the 11th SED Congress and the 27th CPSU Congress. One could say with justification that German-Soviet friendship was among the most important things which the GDR people had attained in the course of their history.

Mikhail Gorbachev's proposals to rid the earth of all nuclear weapons by the year 2000 and, as a first important step along this path, to eliminate the nuclear medium-range missiles of the USSR and the United States in Europe had the unqualified support of the GDR people.

BULGARIAN COSMONAUTS PRACTICE FOR SOYUZ, MIR

LD251438 Moscow TASS International Service in Russian 0715 GMT 25 Jun 87

[Excerpts] Moscow, 25 Jun (TASS) -- TASS correspondent Rena Kuznetsova reports from Zvezdnyy Gorodok, outside Moscow:

The Bulgarian pilots Aleksandr Aleksandrov and Krasimir Stoyanov have begun practical work at the training complex Mir. They arrived at the cosmonaut training center at the beginning of this year and immediately began training for a joint Soviet-Bulgarian space flight.

At the beginning of July, Soviet Cosmonaut Vyacheslav Zudov reports, they are to take a test on the systems of the Soyuz spacecraft, an important stage in the preparations for the flight which is set for 1988. Its program envisages work for a Bulgarian cosmonaut-researcher as part of an international crew aboard the Soviet orbital station Mir. [passage omitted]

BRIEFS

COOPERATION WITH WEST BOHEMIA -- A contract was signed today in Sverdlovsk on cooperation and the further development of friendly ties between the oblispolkom and the West Bohemian National Committee. These major industrial regions of the Soviet Union and the CSSR have been friends for more than 20 years. The collectives of twinned enterprises exchange their experience in production, organizational, and social activities and visit each other in placement schemes and holidays. The joint work of engineers of new equipment models has been fruitful. [Text] [Moscow Domestic Service in Russian 1500 GMT 25 Jun 87 LD]

RUST INVESTIGATION REPORTEDLY 'NEARING END'

AU291757 Paris AFP in English 1750 GMT 29 Jun 87

[Text] Moscow, June 29 (AFP) -- The West German consul on Monday afternoon visited Mathias Rust, the 19-year old youth who has been detained in Lefortovo prison here since he landed a light plane outside the Kremlin one month ago, an embassy spokesman told AFP.

The spokesman said that the West German teenager had "seemed healthy" during the prison visit, the second consular interview since Mr Rust was detained after his daring low-level flight May 28 from Helsinki to Moscow. The Soviet investigator in charge of the case was also present.

An embassy representative had also been present when the visiting parents of Mr Rust were allowed to see their imprisoned son on June 16 and 17. But these occasions did not count as consular visits, the spokesman said.

Meanwhile, informed sources quoted the investigator as saying that the inquiry into the Cessna landing was "nearing its end". The sources also indicated that Mr Rust had voiced complaints about the prison food. He reportedly did not express any other wishes, except to send greetings to his parents, Monika and Karl Heinz Rust, who have returned to West Germany.

FRENCH CP LEADER DECRIES NUCLEAR FORCES' CHANGED ROLE

PM291421 Moscow PRAVDA in Russian 23 Jun 87 First Edition p 4

[TASS report: "Georges Marchais Speech"]

[Text] Paris, 22 Jun -- The European states, like all other countries in the world today, need peace, friendship, and cooperation among the peoples rather than a continuation of the arms race, Georges Marchais, secretary general of the French Communist Party (PCF), stated during a broadcast on the M6 TV channel. French Communists consider, he said, that a situation has now come about in the world that opens up the possibility of finally beginning disarmament and concluding a USSR-U.S. treaty eliminating medium-range and operational and tactical missiles in Europe. This treaty would be of exceptionally great importance for all mankind.

The PCF secretary general demanded of the government that France end nuclear tests and play an active role in the disarmament process. He stressed that the French nuclear forces have now been turned into offensive forces. Moreover, they are undergoing constant modernization, as evidenced by the tests on Muroroa Atoll. Whereas they were previously intended solely for the defense of national territory, the situation is now changing as a result of the plans to create a so-called "European defense."

Regarding the transformations under way in the Soviet Union, the PCF secretary general expressed his conviction that the goals will be met.

KOHL'S CRITICISMS LABELED 'POLITICAL BLINDNESS'

PM281625 Moscow PRAVDA in Russian 28 Jun 87 Second Edition p 5

[Ye. Grigoryev "Rejoinder": "A Clinical Case?"]

[Text] Usually before important events in interstate relations (and the upcoming visit to our country by the FRG federal president at the beginning of July is undoubtedly intended to be just such an event) the sides involved attempt to create a favorable atmosphere. Or at least not to exacerbate it further. But how is Bonn currently acting? Or rather, the federal chancellor's department? Its boss constantly unleashes more than unfriendly thunderbolts as soon as he turns his gaze toward Moscow.

What are we talking about here? Educational defects? But "grandfather" Adenauer in no way taught his "political grandchildren" to speak first and think afterward. But this, the West German press itself has noted, is what has happened. Some clarification is perhaps provided by Mr Kohl's 25 June speech at a session of the Christian Democratic Union Economic Council. There he manifestly complained about his sight.

In particular he said: "There are no visible signs that the Soviet leadership is ready to clear the way for democracy on the basis of legality in domestic policy or for self-determination in foreign policy."

If we are talking about political blindness, then it has reached a high level. Millions of people throughout the world, including in the FRG, are following with tremendous interest and attention the strengthening process of restructuring, openness, and democratization of Soviet society in our country. They welcome the concept of the new political thinking, which organically incorporates the right of each people to independently choose their path. But the FRG federal chancellor cannot see anything! "No visible signs." Period.

Nor does he see the absurdity of claiming to be an arbiter in questions of trust. Incidentally, broad circles of the FRG public have already decided this for him by expressing in public opinion polls increasing trust in the peace-loving Soviet foreign policy. But the chancellor states: "The first touchstone of whether the Soviet leadership deserves to be trusted is the question of whether it is ready to make a serious analysis of the broad concept of disarmament advanced in Reykjavik." Unfortunately the head of the FRG Government was unable to discern even the universally recognized fact that this concept is based precisely on Soviet ideas and proposals. However, he still has in reserve a "decisive touchstone as to whether the Soviet leadership deserves to be trusted." This, it transpires from his arguments, is the unconditional satisfaction of Bonn's claims in Europe, whose well-known essence is incompatible with the interests of stability, security, and good-neighborliness on our continent.

There is simply nowhere you could get Mr Kohl's "touchstones" assayed. But it is quite possible to use them to block the approaches to the improvement of Soviet-German relations. It would not be desirable to believe that this is the objective of certain Bonn stonemasons. We will stick with the scenario of defective vision. A clinical case for ophthalmologists.

MANAGUA CITES U.S. 'CAMPAIGN OF SLANDER' IN PANAMA

LD302046 Moscow TASS in English 1058 GMT 30 Jun 87

[Text] Managua June 30 TASS -- The Government of Nicaragua has called on all countries of Latin America and the Caribbean area to come out in defense of the sovereignty and independence of Panama which has again become the target of threats and blackmail on the part of the United States.

A statement circulated here on Monday by the Nicaraguan Ministry of Foreign Affairs points out that U.S. ruling circles launched a campaign of slander against the government and armed forces of Panama.

"The U.S. aggressive policy with regard to that country", the statement emphasizes, "pursues the aim of changing the correlation of forces in the region and creating conditions for undermining the Panama Canal Treaties".

"The Nicaraguan people condemn the Reagan administration's interventionist actions with regard to Panama. The United States has assumed the role of world policeman and violates the elementary norms of international law".

"The White House actions, which are aimed at undermining Panama's sovereignty, are spearheaded against the efforts of the peoples of Central America to secure the establishment of peace in the region", the Nicaraguan Foreign Ministry's statement emphasizes.

ZAYKOV RECEIVES CUBAN PARTY DELEGATION

PM301025 Moscow PRAVDA in Russian 27 Jun 87 Second Edition p 5

[TASS report: "Interparty Ties"]

[Text] A delegation of Cuban party workers headed by J.A. Rosas Pena, chief of the Communist Party of Cuba [PCC] Central Committee Construction Department, was in the Soviet Union 15 through 26 June in accordance with the plan for cooperation between the CPSU and the PCC.

The guests were acquainted with the CPSU's experience in the field of leadership of capital construction. The Cuban comrades had talks in the CPSU Central Committee Construction Department, the Khabarovsk CPSU Kraykom and Kalinin CPSU Obkom, the USSR Gosstroy, and a number of ministries, visited enterprises of the construction industry and timber industry, and toured industrial and civic construction sites. During their meetings and talks the Cuban comrades studied the practice of the party organizations' work on the fulfillment of the decisions of the 27th CPSU Congress and the CPSU Central Committee January (1987) Plenum aimed at improving the economic mechanism and restructuring methods of management of capital construction.

The delegation was received by L.N. Zaykov, member of the CPSU Central Committee Politburo and secretary of the CPSU Central Committee. Taking part in the talk were J. Camacho, member of the PCC Central Committee Politburo and Cuban ambassador to the USSR, and A.G. Melnikov, member of the CPSU Central Committee and chief of the CPSU Central Committee Construction Department.

RYZHKOV DELIVERS REFORM REPORT TO SUPREME SOVIET

PM300801 Moscow PRAVDA in Russian 30 Jun 87 Second Edition pp 2-4

["On the Restructuring of the Management of the National Economy at the Present Stage of the Country's Economic Development. Report by Deputy N.I. Ryzhkov, member of the CPSU Central Committee Politburo and chairman of the USSR Council of Ministers"; report delivered at 29 June morning joint session of USSR Supreme Soviet chambers]

[Text] Comrade Deputies!

Today the USSR Supreme Soviet is discussing a question of exceptional importance to our state's present and future. The radical restructuring of the management of the national economy is the key task in implementing the strategic course, formulated by the 27th party congress, of accelerating the country's socioeconomic development and qualitatively renewing all spheres of Soviet society.

A most important role in elaborating the political line for the restructuring of management, in theoretically substantiating the radical reform of the economic mechanism, and in defining a specific action program belongs to the CPSU Central Committee Plenum held a few days ago.

The report at the plenum by M.S. Gorbachev, general secretary of the CPSU Central Committee, makes a Marxist-Leninist analysis of the processes currently taking place in society and vividly and cogently demonstrates the need to accelerate economic and social transformations and make fuller use of socialism's potential. The tremendous work to establish the political, economic, and legal foundations for creating an integral management system was summed up. The profound meaning and essence of the plenum's conclusions and propositions lie in comprehensively substantiating the democratization of management as the decisive condition for the dynamic development of the country's national economy.

The vitality of the plenum's decisions lies in the fact that they are based on the masses' vigorous creativity, mobilize society's huge social forces, and open the way to fuller involvement of the working people in the management in all levels of the economy. This strengthens Soviet people's sense of being masters and of being involved in the radical changes taking place in the country. This constitutes the firm social base of restructuring, which has met with nationwide recognition and sincere and ardent support -- the most reliable guarantee of the irreversibility of the progressive changes.

Now every working person and the entire Soviet people are faced with a noble goal -- embodying the theory of restructuring in the practice of socialist building. The time has come, in V.I. Lenin's words, to put great tasks into practice.

I. The Creation of an Integrated System of Management Is a Decisive Condition for the Implementation of the Party's Economic Strategy [subhead]

Comrades! The Communist Party has advanced a program of transformations which are intended to give socialism the most modern forms and bring it to a qualitatively new stage -- a program which is revolutionary in nature and historic in scale. [paragraph continues]

The main task now is to accelerate socioeconomic development, create a production potential which would make it possible to successfully resolve both current and long-term tasks, increase the people's prosperity, and maintain the country's defense capability at the requisite level.

Unlike in the past, dynamic and stable economic growth must be ensured through the comprehensive intensification of social production, in-depth structural transformations of production, the acceleration of scientific and technical progress, and the growth of working people's social activeness.

Only in this way will we be able to implement the program for the development of the national economy through the year 2000 mapped out by the 27th party congress. Only on this basis is it possible to implement the entire package of major social transformations and resolutely improve food supplies, fill the market with industrial goods and services, persistently and consistently resolve the housing problem, sharply increase the quality of health care and education, and make them truly worthy of Soviet man.

Marxist-Leninist theory and the entire experience of socialist building show that socioeconomic progress needs a flexible and efficient system of leadership of the national economy, matching the objective conditions of production and the attained level of productive forces.

The current system no longer meets these demands. The forms and methods of management in operation were, until recently, basically established in the thirties and resulted from the specific conditions and tasks of national economic development which the Soviet state was resolving at that time. Despite considerable changes in the economy caused by the law-governed growth of productive forces and the increased complexity of economic ties, cardinal measures to change the management system were not subsequnetly taken. It began to retard our progress.

The principle of centralism in economic leadership was absolutized and assumed hypertrophied forms. It slid inexorably toward bureacracy and departmentalism. Enterprises' activity was harshly regulated, and the rights, independence, and socialist enterprise of local management organs were limited. Underthe powerful weight of administrative pressure the role of the enterprise was intolerably downgraded. Plans came down from above, and the overwhelming majority of the collective's income was disposed of from above. Thus a cost-based approach was asserted in the economy and interest in its efficient development waned. The economic management mechanism did not ensure that the economy was receptive to scientific and technical achievements; furthermore, it actively rejected them. As a result, we fell behind in important areas of scientific and technical progress.

It is perfectly understandable that in such conditions the creative potential of the working class, our cadres, and highly educated and professionally trained specialists could not manifest itself. They were placed within the confines of a command and decree management system which rejected initiative, instilled overcaution, blunted responsibility for the entrusted task, and generated an atmosphere of apathy and indifference.

A fundamental flaw of the management system was that it did not take account of the growing role of social factors and did not make it possible to link the processes of production and social development together. Administrative interests were centered on production, and man with his requirements, needs, and aspirations found himself somewhere in the background.

The cumbersome and lumbering management machine impeded the full utilization of the advantages of the international division of labor and the rich potential of socialist economic integration. This is one of the reasons why in foreign economic relations the Soviet Union has not yet assumed a place in keeping with its tremendous scientific, technical, and production potential.

Of course, in the past measures were also taken to improve the leadership of the national economy, but these measures did not yield a tangible result. They were poorly prepared, ineffective, and were often declaratory. The conduct of work was not integrated but was halfhearted, and, most importantly, it was not seen through to the end.

On the basis of a critical analysis of the shortcomings the party reached the fundamentally important political conclusion that it was no longer possible to develop the country's economy by the old methods and adopted a revolutionary course aimed at restructuring the entire management system.

The systematic implementation of major measures on many most acute and complex problems whose solution had been put off for decades began after the CPSU Central Committee April (1985) Plenum. New principles of structural, investment, and scientific and technical policy were elaborated and began to be implemented. The orientation of current and long-term plans toward the development of the social sphere was intensified.

The complexity and novelty of the tasks facing the national economy and the economy's vast scale necessitated the holding of various economic experiments. They provided a real basis for the transition of enterprises to complete economic accountability [khozraschet] and self-financing.

Radical changes have been introduced in the management of agro-industrial production, the construction industry, and foreign economic activity. Intersectoral scientific and technical complexes have been set up in priority avenues of science and technology. As you know, the soviets of people's deputies have been given new and weightier rights in the economic and social development of their territories.

A serious and implacable struggle has been launched in the country against the chronic disease of poor output quality. We embarked on a decisive and, it may be said, drastic measure: the introduction of state acceptance. But that was necessary because quality had evolved from an economic into a political, moral, and ethical term. Due credit must be given to our working class which, regardless of the ensuing difficulties, actively supported this measure as exceptionally necessary for the whole of society and for each and every Soviet person.

All this work made it possible to accumulate the necessary experience, to comprehensively think out the further program for restructuring, to ensure a reliable base for the elaboration of economic and legal foundations for the activity of enterprises, to prepare the draft USSR Law on the State Enterprise (Association), and to get right down to creating an integrated system for the national economy's management.

The CPSU Central Committee June (1987) Plenum made an objective assessment of what had been done, analyzed from a broad political standpoint the general progress of restructuring and the initial positive changes, and revealed weakness and shortcomings in its implementation. The process of progressive transformations is gathering pace and spreading to more and more strata of public life. [paragraph continues]

Democratization and openness have provided the political basis for overcoming the negative trends of the past and for affirming lofty moral and ethical norms, and innovative spirit, and a conscientious and creative attitude toward labor. With each passing day, Soviet people are becoming increasingly aware that restructuring is necessary that without it we will be unable to confidently advance.

Yet, we cannot rest satisfied with what has been done. The plenum spoke bluntly of the fact that restructuring is being conducted slowly and inconsistently in many spheres. Many departments are stubbornly clinging to former stereotypes of work, the new thinking finds it difficult to make headway, and words often replace deeds. There are still no tangible positive developments in the pace of scientific and technical progress, and the Soviet people's needs are far from fully satisfied. There have been no serious changes in the mentality and work style of many economic leaders and local organs, and no increase in their responsibility for the strengthening of production and plan discipline can be perceived. Openness is often purely showy and declamatory, there is no analysis of shortcomings, and the proper practical conclusions are not drawn from mistakes.

It is clear, comrades, that the process of restructuring must be rendered more dynamic and its pace and efficiency must be boosted. A more active struggle must be waged for the democratization of society -- this is the main condition for successful transformations, for the participation of the broad masses of working people in them. It is fundamentally important to ensure that restructuring is implemented comprehensively and encompasses all aspects of the country's public life. Progress in the economy and the radical restructuring of the entire management system will be of decisive importance.

The experience of the past proves it is impossible to achieve any serious improvement in the economic management mechanism by partial amendments. What is necessary is a cardinal and comprehensive reform. Only then will we be able to expect a qualitative renewal of the management system, only thus will we be able to make it truly integrated and efficient.

The system of leadership of the national economy must make full use of the advantages of socialism and its objectively inherent planned nature, and must be based on the utmost activation of the human factor -- and main creative force of progress.

Life has shown that the improvement of management is primarily linked with the restoration and creative development of the Leninist principle of democratic centralism. Its distortion in the past virtually demolished the organic link between the two principles inherent in it, their unity. Essentially, democratism seemed to have been supplanted by centralism.

This unity must be restored in the course of restructuring, and we must attain the optimal combination of centralism and democratic principles in management. Democratic centralism must acquire its natural appearance and a new meaning.

In economic practice, this means primarily the utmost expansion of the rights of enterprises and local management organs in all spheres of their activity while simultaneously boosting responsibility for its results; it means transition to genuine socialist self-management.

Furthermore, it presupposes filling centralism with truly democratic content on the basis of broad participation by the masses in the elaboration of state, sector, and regional decisions and full openness in the work of all economic organs.

It was from these genuinely Leninist standpoints regarding the understanding of democratic centralism that the party approached the creation of a qualitatively new integrated system of management.

What are the most characteristic features of the integrated system?

First, the organic combination of personal and collective interests with the interests of the whole people, and the attainment of unity of the actions of all the participants in social production. The combination of the interests of the working person, the enterprise, and society makes it possible to raise to a higher level the implemntation of relations of socialist ownership, to increase the interest of all labor collectives and all Soviet people in augmenting the people's wealth, and to cultivate a truly proprietorial attitude toward that wealth.

Second, at the center of the integrated management system is the enterprise, and the creation of the most favorable conditions for its efficient work and for the introduction of full economic accountability and self-financing. The principle that the funds for production and social development and material incentives must be earned acquaires binding force for the labor collectives.

Third, the integrated management must in practice ensure close collaboration among the most important elements of the economic management mechanism -- planning, economic incentives, and organizational structures. They are capable of operating effectively, efficiently, and in coordination, complementing each other, only if they operate as a package and given the correct combination of centralized and democratic principles.

Fourth, the new management system provides for the organic interconnection of sector and territory, and unites their interests in resolving production and social tasks, developing the infrastructure, and protecting the natural environment.

Fifth, the principles of the integrated management system are implemented at every level -- from enterprises to ministries, central economic organs, and the government -- with delimitation of the rights and responsibility of each management component and efficient organization of collaboration between them. At every level it is necessary to switch from what are primarily methods of administration by decree to primarily economic methods of management. Here, the following is very important: The universality of application of economic methods and their systematic utilization from top to bottom create a fundamentally new type of relations. A truly democratic means of influencing the interests of working people and labor collectives and mobilizing them to achieve the final national economic goals is established.

Last, the integrated system is based on the intensive type of reproduction and shapes a structure of reproduction which can react sensitively to changes in both internal and external objective conditions and to dynamic changes in the requirements of the national economy and the population.

That is the essence of the integrated system of management of the national economy.

Its most important principles are formulated in the report of M.S. Gorbachev, general secretary of the CPSU Central Committee, at the CPSU Central Committee June Plenum. They define the avenues of all practical work in the restructuring of management and of the economic mechanism in general. This is now the central political, economic, and organizational task whose resolution will determine the success of the implementation of the party's economic strategy and the development of the country's national economy.

II. The USSR Law on State Enterprise (Association) -- the Basis of the Restructuring of Economic Management [subhead]

Comrade Deputies!

The transformations which it is planned to carry out in the management system will take place first and foremost in the basic component of social production -- the enterprise. It is here that the people's wealth is created and augmented and the resolution of economic and social tasks is ensured. It is here that working people exercise the right to labor which socialism grants, and can reveal their creative capabilities.

This approach is also necessary because all negative phenomena in the economy have been reflected most perceptibly and painfully in the activity of labor collectives. Here all the shortcomings in economic leadership were encapsulated, here the braking mechanism acted most powerful and the need for the most radical changes was felt more keenly. Moreover there was no sufficiently reliable legal protection for the enterprise's rights. The legal acts defining its status, adopted a quarter of a century ago, have long been obsolete. Leadership methods based on administration by decree fettered the labor collectives' initiative, in effect deprived them of incentives for development, and engendered indifference toward the end results of work.

The situation became so acute that the problem developed from an economic problem into a sociopolitical one. It brought to the fore the question of the places, rights, and duties of enterprises within the system of socialist production. In the situation which had emerged it was necessary not only radically to revise the general status of the enterprise, boldly push forward the boundaries of its autonomy, endow it with broad rights, and define its duties, but also to enshrine them in legislation in a USSR law.

The draft submitted for your examination represents the first time such a law has been drafted in our country. This is a document of exceptionally great socioeconomic significance. It lays the foundations for transformations of all economic management, and is the starting point for them.

Comrades!

You are all familiar with the content of the draft Law on State Enterprise and there is clearly no need to spell it out in detail. Permit me to dwell on only the fundamental provisions that show the general intent of the document.

The central idea permeating the whole draft law is to ensure that the new economic mechanism creates production and social conditions for labor collectives' vital activity and incentives for their development which would encourage enterprises to perform their main task -- to comprehensively satisfy the demands of the national economy and the population for the necessary output and to produce it at the lowest possible cost. This is the logic and point of the USSR law.

It is from this standpoint that cardinal changes have been made to the essence, forms, and methods of enterprise management. All the innovations which the draft law introduces into the collective's life and the entire system of incentives ensuring its interest in the results of labor are indissolubly linked with the consistent affirmation of the Leninist principles of economic accountability and self-management.

The point is that the ideas formulated and embodied in the economic practice of the early years of Soviet power were subsequently largely forgotten. Leninist principles are now being revived and creatively developed. Economic accountability and self-financing, its most developed form, are forming the basis of enterprises' entire activity.

It is well-known that the main shortcoming of the existing economic mechanism is that it completely fails to link the results of enterprises' work with the development of their production and social sphere. Even those collectives which have worked strenuously and achieved high results could not be sure they would be able to use their own resources which they themselves had earned to renew production, improve social conditions, and provide material incentives. The collective lost interest in work and leveling and mismanagement flourished luxuriantly.

This law drastically changes the situation. The enterprise's production and social development will henceforth be directly and even rigidly dependent on the results of their activity and on the resources earned by the labor collective and will give a powerful impetus to the development of people's creative initiative.

A new economic term is coming into practice -- economically accountable income. It will be the main source of labor remuneration and material incentives, the production, science, and technology development fund, and the social development fund. This means the striving to increase profit or income must really and practically encourage labor collectives to manage economically, to increase labor productivity and output quality, and to make thrifty use of all resources.

Complete economic accountability is already a reality for many labor collectives. Enterprises in three machine-building ministries and light industry, as well as the Ministry of the Petroleum Refining and Petrochemical Industry, the Ministry of the Maritime Fleet, and a number of other sectors have been working in the new conditions since the beginning of this year.

It is still difficult to draw generalizing conclusions about the results of the activity of enterprises in those sectors.

But the power of the incentives of economic accountability and self-financing can be seen in the example of the Moscow oil refinery. It has not been working in the new way for long but the first results are already visible. The collective is working much better now, it has fulfilled its contractual commitments, it has begun to treat resources thriftily. It has reduced fuel consumption, stopped buying expensive components, and replaced them with cheaper, Soviet-made components. In the first quarter the enterprise increased its fund for the development of production, science, and technology by R220,000, its social development fund by R130,000,and its material incentive fund by R70,000 in comparison with the planned target. The advantage of the new conditions were soon felt not only by the collective but also by the budget: Payments to the state rose by almost R250,000. That is how all labor collectives can and, furthermore, must work.

By sharply increasing collectives' responsibility for the results of their work, economic accountability and self-financing presuppose radical changes in the character of the planning of enterprises' activity. The times demand a considerable democratization of this process and the active participation of labor collectives. The fact that they will now not only independently formulate but also ratify their economic and social development shows their annual plan are fundamentally new.

Society's interests and the state's influence on these processes must be ensured by economic methods via control figures, state orders, and long-term stable normatives and quotas. These deepen economic independence and at the same time orient enterprises toward achieving national economic goals.

The draft law clearly defines the role of each of these instruments of planning.

Control figures equip collectives with basic data and are the basis for compiling the 5-year plan. They reflect the social need for enterprises' output and the minimum demands regarding the level of production efficiency. Their number [sostav] will be limited.

I would just like to emphasize that the control figures will not be of a directive nature and will not be used to assess the results of the enterprise's activity.

Economic leaders have always regarded the economic, normative method as the exact opposite of willful, administrative methods. Normatives are assigned a decisive role in the new conditions. They directly link the size of a collective's income and fund with its performance and regulate relations with the budget. In short, normatives are an active stimulator of the development of production and combine the interests of the enterprise with the interests of society. The effectiveness of normatives depends entirely on their validity, stability, and timely communications to enterprises.

It is well-known that at present virtually the whole list of products, operations, and services, irrespective of their importance, is approved from above. In the new conditions this situation radically changes. Henceforth only state orders will be laid down for enterprises. These form the production program only for the key types of output determining the main national economic proportions, the acceleration of scientific and technical progress, the solution of statewide social problems, the strengthening of the country's defense capability, and the ensuring of its economic independence.

The orders can be placed on a competitive basis. Unlike the former directive targets for the whole of production, the state orders do not make up the entire production program of enterprises. Furthermore, the general trend will be for both the sphere in which they are applied and their number to shrink. The remaining part of the production program product list is drawn up by the enterprise itself on the basis of direct economic links with consumers. This means it will be necessary to seriously tackle market research and to woo the consumer by constantly maintaining a high technical standard and quality of output. Otherwise you will not earn the means necessary for your production and social development and labor remuneration.

Another effective means of promoting the development of initiative and enhancing interest in labor results will be economic competition between enterprises as a new form of socialist rivalry. This is a question of extraordinary importance. [paragraph continues]

The satisfaction of the requirements of the socialist market will depend largely on the practical implementation of economic competition between enterprises.

It is clear, comrades, that this makes economic contracts a most important instrument for formulating the plan since they are the embodiment of all the consumer's demands as to the composition, quality, and deadlines of output deliveries. The precise fulfillment of mutual commitments, the strengthening of direct relations, and conscientious partnership become in the new conditions, figuratively speaking, labor collectives' code of honor. I am confident that business reputation will soon be valued very highly and become a most important factor in economic relations.

In the new conditions an enterprise will not be able to function successfully unless it relies on scientific and technical progress -- customers will simply refuse to accept its output. In fact, making every collective as responsive as possible to innovations and giving it a vital interest in utilizing the achievements of science and technology was put forward as virtually the main task of restructuring.

The abnormal practice whereby science and production both have their own autonomous systems of planning, finance, and incentives is largely preventing scientific and technical progress from becoming the linchpin of all economic activity. All this will become part of a single system and be provided with a stable financial basis for the comprehensive and effective solution of all question.

The draft law frees the enterprise from detailed planning of science and technology regulated from above. All curbs on deciding the number of plant scientists, designers, and technologists, their wages fund, and conditions for providing them with labor incentives are being removed. Collectives are granted the real right to resolve these questions independently. These are good changes which enterprises have long awaited.

The pace of scientific and technological progress determines to a decisive degree the technical state of production and the possibility of swift retooling and renewal of technology. Analysis shows that the replacement of the active part of enterprises' fixed capital is proceeding at only half the necessary speed. Under these conditions the average lifetime of equipment in industry is 28 years! It is impossible to achieve high labor productivity and output quality with such worn-out and obsolete equipment. We must overcome this trend within the shortest possible time. Within the current 5-year plan the development of machine building, as the basis for the retooling of the country's national economy, will be accelerated.

However, as was noted at the June plenum, the situation is changing extremely slowly. The ministries of this complex, and above all the Ministry of the Machine Tool and Tool Building Industry, the Ministry of the Electrical Equipment Industry, and the Ministry of Machine Building for Light and Food Industry and Household Appliances are still not coping with the tasks entrusted to them. The USSR Council of Ministers Bureau for Machine Building is not taking sufficiently effective measures in this area either. They must rectify matters more rapidly, all the conditions have been created for this. It is necessary to wholly meet enterprises' needs for new equipment, otherwise labor collectives will be unable to realize the sizable resources of their funds which, under the law, are now left at their disposal for the retooling of enterprises.

It is no less important for the national economy to make efficient use of existing capacities. The country's production potential, created through the labor of Soviet people, is immense. Colossal funds have been invested in it. The value of industry's fixed capital alone exceeds R800 billion. However, the return on capital is low and has not been growing for a long time. Enterprises have virtually no interest in this. It is no accident that most of them work only one shift, equipment is not fully loaded, and many workplaces are empty.

Complete economic accountability and self-financing will undoubtedly create a barrier to these negative phenomena. Enterprises will hardly continue to unthinkingly build up production capacities by uselessly squandering funds they have earned through their labor.

They will now have an economic interest in ensuring that the highest returns and maximum yield are obtained from each machine tool and each meter of production area. That is why the draft law reinforces the demand for a switch to two-shift working, and to three- and four-shift working where unique and expensive equipment is involved or where it is necessary or advantageous for enterprises. Payment for production capital and depreciation allowances should influence this more vigorously.

It is necessary, comrades, to discuss yet another fact. The most sophisticated economic mechanism will produce neither income nor profit by itself. All economic levers and incentives create only favorable conditions for efficient work. This means we must be more concerned than in the past about the effective utilization of each working minute and about instilling strict order in production.

It is totally impermissible that in some places the work that has been launched to strengthen discipline has been perceived as just another campaign, and the first positive improvements in this area as just an excuse for victory reports. As a result, many sectors of economic building have recently experienced a weakening of discipline, and cases of blatant violations of discipline have begun to recur increasingly often. Now that enterprises are switching to self-management principles, they are being given great rights and labor collectives' interest in actively utilizing all measures of influence currently at their disposal to strengthen production, technological, and labor discipline is increasing.

The draft Law on Enterprises provides for all the rights needed for their successful work. But there can be no rights without duties or without responsibility for the socialist property entrusted to the enterprise, for the fulfillment of its commitments, and for the observance of the interests of working people, society, and the state. This is also stated with utter clarity in the draft law. We must be guided by this demand in everyday practice.

The profound restructuring of the state's foreign economic activity is introducing much that is fundamentally new into the lives of labor collectives. As is well-known, until recently this activity was the sole prerogative of central departments. Now enterprises have been included in this sphere, and a system of incentives ensuring an interest for collectives and defining their level of responsibility for the development of ties with foreign partners has been worked out. Currently more than 70 enterprises have obtained direct access to foreign markets and the right to set up their own foreign trade firms. Experience in this new area is gradually being accumulated. For instance, the Ulyanovsk Heavy and Custom Machine Tool Building Association, the S.M. Kirov First Moscow Watch and Clock Plant, a number of light industry enterprises in the Estonian SSR, and others are successfully building up their own foreign economic contacts.

As many enterprises as possible must participate in this work and their collectives must be given an interest in it. It is planned, in particular, to set up foreign-currency payment [otchisleniye] funds at enterprises, which they can use at their discretion for production development and their social needs. Extensive production sharing with foreign enterprises and firms and the creation of international associations and organizations and joint enterprises should also stimulate foreign economic ties. The first steps have already been taken in this direction, but so far they have been too timid and too slow. Lack of experience, inability to organize matters, and -- most importantly -- fear of shouldering responsibility are taking their toll. An interest in and a taste for this work must be fostered. Priority in foreign economic ties must, of course, be given to the CEMA countries.

The draft law substantially extends the boundaries of enterprises' autonomy in social development, which, as has already been said, is made directly dependent on the results of their work. The attitude that labor collectives are only production subunits is thereby overcome. They turn into a most important cell of society, where social policy is actually implemented. From now on enterprises will independently build and maintain housing, children's institutions, clubs, leisure centers, and health clinics on the basis of the funds they have earned. It will be their direct duty to create favorable conditions for the work and daily lives of women, to show concern for war and labor veterans, pensioners, invalids, and children, and to provide active assistance to the work of schools.

The example of the "Prikarpatles" Production Association, which has planned to ensure either a separate apartment or an individual house for each family as early as in the 12th 5-Year Plan period through increased revenues, makes it possible to judge the opportunities that open up here as a result of skillful organization of matters. The feasibility of these plans can be believed: In 1986 alone 208 apartments, 277 individual houses, a kindergarten, 2 dining rooms, 5 stores, and a vegetable storage facility were constructed. The number of enterprises like this is constantly growing.

The main point in this work, in our view, is to ensure that each member of the labor collective understands well and feels that his own and his comrades' social and everyday prosperity depends primarily on the results of their own activity and not on these questions being solved somewhere else, at the cost of other labor collectives.

The most important and fundamental significance of the draft law lies in the fact that all transformations in enterprises' activity are unbreakably linked with the broad development of democratization and are based on the consistent expansion of the principle of socialist self-management.

The draft law submitted for discussion by this session understands self-management as the inseparable unity of its three aspects. First, it envisages collectives' active participation in the making and implementation of all decisions. Second, it affirms the election of leaders from team leader to general director, and third, it maintains one-man command in the enterprise's management and consolidates it on a democratic basis.

Enterprises will set up labor collective councils expressing their will and their interests. Councils will enjoy great powers to actively influence all aspects of the enterprise's life. [paragraph continues]

Thus the socialist system of organs of people's power is being supplemented with a most important link in the production sphere. Life itself has suggested this form of management. Councils are already successfully operating in many associations and enterprises.

What does the election of leaders give labor collectives? Primarily it enables them to have at their head a director, shop foreman, or team leader whom they trust. At the same time, election lays firm foundation for stepping up the leader's authority without diminishing the principle of one-man command in the least but, on the contrary, strengthening it. This is clear -- after all, the right to run the collective's affairs is now vested in him by the collective itself.

These are the basic provisions of the draft law. It is well-known that it was submitted for nationwide discussion in advance. The course of this major political campaign offered a good opportunity to check the correctness of the measures that had been elaborated against the interested and objective opinion of working people and the entire public. Today we are fully justified in claiming: Soviet people greeted the draft law with approval and fully support its principles.

The discussion proceeded in an atmosphere of genuine openness and open criticism and, on the whole, was in line with the innovative spirit of restructuring. Workers, kolkhoz members, employees, engineering and technical workers, scientists, all strata of the population, and virtually the whole people took part in it. The course of the nationwide discussion was extensively covered by the mass news media.

The unprecedentedly high activeness during the draft's discussion was natural -- it affects the interests of millions of Soviet people and concerns the present and the future of any labor collective and every one of its workers.

More than 140,000 proposals and suggestions were received during the discussion process. All of them were carefully studied and painstakingly investigated. As a result, essential additions, amendments, and clarifications were introduced to the draft law. To single out the main point, the nationwide discussion made it possible to more fully reveal and substantiate the draft's provisions on further democratizing Soviet society and the entire management system and to formulate more precisely enterprises' rights and obligations.

While fully agreeing with and supporting the draft law, at the same time in their letters and statements Soviet people expressed concern lest the rights granted to enterprises be distorted in practice, as happened on many occasions in the past, and asked that they be backed by reliable juridical guarantees. Taking public opinion into account, an article "On Guaranteeing the Observance of the Rights of the Enterprise (Association)" was subsequently added to the draft. It emphasizes that all organs of state power and management are responsible for the strict observance of the law's provisions. I think that this is a very appropriate amendment.

Comrade Deputies!

The adoption of the Law on State Enterprise by the current Supreme Soviet session will be of enormous importance. It will be the legal basis and norm of life for many thousands of collectives. There can be no doubt that the law will bring forth a new upsurge of Soviet people's labor activeness, since each one of its lines is aimed at solving the most important problems of the whole people and accelerating our society's social and economic development in every possible way.

III. Raising Sector Management to a Qualitatively New Level [Subhead]

Comrades!

It is quite clear that any transformations in the economy can only be fully realized provided that they embrace the entire complex of management elements, first and foremost the sector organs -- the ministries and departments -- which have the closest links with the enterprises. This is one of the fundamental conditions for the formation and effective operation of an integrated sytem of national economic leadership.

The present system of sector management has taken shape gradually and acquired its features over several decades. It ensured the strengthening of production and scientific-technical potential, greater prosperity for the people, and increased defense capability and economic independence for the country. But with the passage of time its working methods have become outdated and no longer accord with comtemporary demands. Moreover, it can be said without exaggeration that the sources of the greatest shortcomings and the worst bureaucratic and narrow departmental manifestations in the management system stem from ministries' methods and style of leadership.

It is precisely at this level that the tightest block on enterprise autonomy and the most extreme curb on enterprise rights are to be found. Petty tutelage and an increasing tendency to supplant labor collectives in their day-to-day, economic functions nullify even the modest rights that enterprises, ministries became unable to resolve their own main tasks. Thus a vicious circle was formed. Ministries have essentially lost the ability to manage long-term development and control scientific-technical progress and are failing to provide for the comprehensive development of production and the social spheres in their sectors. There is no reliable system of interaction between ministries and territorial organs.

Supplanting enterprises in day-to-day management has engendered another negative trend -- the fracturing of ministry apparatuses among separate types of production and separate functions. Is it any surprise that the management structure has become so complex, cumbersome, and multitiered? Ministry apparatuses have become intolerably overgrown. The pernicious practice has become established of forming new ministries especially to resolve economic problems that emerge. This has often also happened for the sake of easing the administrative load, since ministries have a multitude of enterprises under their jurisdiction. As a result the number of ministries has grown excessively, national economic management has been complicated even more, and flexibility has been lost.

The need for change in ministries' style and methods of work is obvious to everyone and is urgent. This was stressed with particular force at the CPSU Central Committee June Plenum, which defined the basic principles for restructuring sector management and shifting it to a qualitatively new level and outlined substantial changes in the character of sectors' activity.

The main avenue in and the pivot of all the transformations consists in binding the role, purpose, and place of ministries organically to the expansion of enterprises' rights and responsibilities. In relations with enterprises ministries now have to rely entirely on instruments of economic influence.

Experience and practice show that economic metods and the new economic management machinery can only be utilized effectively in sector management if the obsolete and outdated organizational structure of enterprise leadership is decisively altered. We know what the corrected restructuring course is here: concentration of production, and reduction in the numbers and consolidation of the objects of management. Without this, there is no prospect of any change in sectors.

The party has mapped out a path of forming large-scale associations capable of independently fulfilling the tasks of expanded reproduction and social development. This is important not only because the potential of head organizations becomes the basis for a general upsurge in technical standards. Another factor is also important: Only large-scale associations are capable of linking sector- and plant-based science with production, ensuring that they are organically combined, and obtaining a real return from science. For these purposes, production and science and production associations and also associations, design, industrial, and construction associations on an intersector basis -- industrial and trade associations, design, industrial, and construction associations, agro-industrial associations, and others -- should be developed.

This process is difficult and let us say outright, the amalgamation of production does not generate particular enthusiasm among many ministries. Moreover, a paradoxical situation has arisen whereby, even within a ministry, departmentalism prevents the creation of fully-fledged production and science and production associations. Things have come to the point where the subordination of plants to different main administrations within the same ministry is a practically insurmountable obstacle to the amalgamation of enterprises. What about organizations and enterprises in different sectors?! There is really no way to get through this barrier without intervention from higher directive organs. The same situation arises if enterprises are located in different oblasts and republics.

The following is a typical example. The Ivanovo machine building association, whose output has won recognition in our country and abroad, achieves good results precisely as a result of the integration of all stages in the production cycle. The interests of the matter insistently demand the inclusion of the Lvov milling machine plant in the association. The Ivanovo workers have long-standing well organized large-scale cooperation ties with them. The ministry of the Machine Tool and Tool Building Industry, to which both enterprises belong, has been unable to get things moving for 2 and 1/2 years. Lvov Oblast leaders have adopted an intractable and unseemly position: What has taken precedence is not state interests but a parochial desire to have their "own" "independent" enterprise. This also reflects the position of the Ukrainian SSR Council of Ministers in these questions.

Soviet and foreign experience shows that the further concentration of production and the expansion and deepening of the sphere of economically accountable relations demands the seeking of new and more elastic, flexible, and at the same time large-scale organizational structures. One such new form is defined in the draft enterprise law. These are state production associations. Their makeup and organizational forms differ fundamentally from the conventional associations now in operation. State production associations can include independent enterprises, associations, institutes, and transport, marketing, academic, and other organizations. They all have to operate as a unified economic complex. At the same time it should be particularly stressed that enterprises which become part of a state production association retain their economically accountable independence and that the provisions of the USSR Law on Enterprise also extend in full to them.

In each instance questions relating to the creation of large-scale production units must be resolved individually taking account of the actual situation and concrete tasks. Giants are not needed everywhere on every occasion. Small enterprises also have a right to independence, solely on the condition that they operate efficiently, are flexible, and have a high technical equipment level. A situation like that in light industry, where the return on capital in small plants is 75 percent lower and output per worker is 5.6 times less than in the sector as a whole, cannot be tolerated. In brief, it is necessary to resolve questions of production concentration in a considered manner and to carefully weigh all the circumstances.

Improving sector management means reducing the number of tiers in it. The first steps have already been taken here. The abolition of intermediate components which have not justified their existence -- all-union industrial associations -- has begun. but it is necessary to go further. A policy aimed at gradually abolishing ministry and department main administrations, which currently lead subsectors, should be implemented as production is concentrated and production, science and production, and state production associations are formed. In other words, sector management, as a rule, must be switched to a two-tier system.

We should dwell particularly on the problems of the development of the base sectors of industry. Some of these are today led by union republican ministries. Practice has shown that this management system is not justified. The proposal is submitted that such union republican ministries as power and electrification, the coal industry, ferrous and nonferrous metallurgy, geology, and petroleum refining and petrochemical industry, in light of their role in the national economic complex, be converted to all-union ministries.

At the same time, it is necessary to proceed on the basis of the principle that the leadership of production which directly serves the population and which is associated with the development of the regional infrastructure and the resolution of social tasks should be exercised, as a rule, by republican and local organs.

Also worthy of attention, I believe, are the practical proposals on amalgamating a number of ministries and departments which cover similar and technologically related areas of production. The proposals should be considered, and comprehensively substantiated decisions adopted.

These are the main avenues of the organizational restructuring of ministries, the purpose of which is to ensure the sector's effective fulfillment of the new tasks and functions. The practical implementation of this program requires that the ministries' efforts be concentrated on studying the prospects for the sector's development, meeting the requirements of the national economy and the population for high quality output, accelerating scientific and technical progress, and increasing production efficiency. Of course, sector management organs should, in strict accordance with the Law on the Enterprise, promote in every way the development of the initiative and enterprisingness of labor collectives and the consistent utilization of the levers of full economic accountability and self-financing. In the new conditions, they have special responsibility for defining well founded economic normatives.

It must be stressed that the timetable for the restructuring of the organizational structure of the management of sectors and for the change of functions is very tight -- all the work must be done in 1987-1988.

Substantial transformations must also be carried out in the central apparatus of ministries and departments. It is necessary to amalgamate or abolish their numerous small subunits and firmly set a course toward primarily functional principles in the structure of the central apparatus, and substantially to reduce that apparatus. The role of the collegiums of ministries and departments must also be made more active and increased. At the same time it is planned to set up on a democratic basis sector councils on which the directors of leading enterprises, front-ranking workers, and major scientists and specialists will be widely represented. This will make it possible to enhance democratism and the quality of management.

The work style and methods of the sectors' central apparatus require radical changes. It is no secret that in the ministries many important, talented production organizers and competent specialists have become bogged down in endless paperwork; the bureaucratic milieu sucked them in, and their knowledge and experience often proved useless here. In the new conditions, where economic methods will prevail in management, the moral and material preconditions are being created for bringing enterprising, creative workers into the sector leadership.

The implementation of the whole package of measures to restructure this component of leadership will make it possible radically to change the role and functions of the ministries and make them active champions of the party's economic strategy and the true scientific and technical headquarters of the sectors.

IV. Territorial Management Under the New Economic Management Conditions [subhead]

Comrade Deputies!

The exceptionally important role of territorial management is well known. You, of course, realize best of all that without a fundamental restructuring of territorial management and without the eradication of the serious shortcomings that have accumulated here over many years it will be impossible to ensure the effective functioning of an integrated system for running the economy. The shortcomings in pooling the efforts of sectorial and territorial management and the need for clear-cut, coordinated actions on the part of union and republic organs and local soviets are now being felt particularly actuely.

Recently, as you well know, local soviets' rights have been notably expanded and their role in social and cultural building has been stepped up. The search is on for new forms and methods of territorial planning and local management. Good experience has been amassed in Leningrad, Moscow, Riga, the Georgian SSR, and certain other parts of the country.

However, the excessive centralization, lack of comprehensiveness, and incompleteness of the territorial system of leadership and the weakness of many of its components reduce the potential of local organs to resolve economic, social, ecological, and other problems. At the same time, even those rights which they do have are by no means fully used. Parochialism, freeloading sentiments, and the desire to offload onto the center many questions which local organs should resolve themselves have taken root.

All this shows we cannot avoid a serious restructuring of the entire territorial management system. [paragraph continues]

New approaches and cardinal measures are needed, we need the kind of relations whereby the economic and particularly the social development of each oblast, kray, and republic will be made closely dependent on the results of the activity of all the enterprises in the given region. On that basis, local organs must create favorable conditions for efficient work by labor collectives. This demand accords with the new principles at the basis of the restructuring of the management system.

Hence the increased responsibility which union republic Councils of Ministers and local organs of power must shoulder as the genuine masters of their territories. They must have all the powers they need to develop the economy in their regions.

Above all, fundamental changes are outlined in planning the economic and social development of union and autonomous republics, krays, and oblasts. The innovation here is that the plans must be comprehensive in nature and encompass all associations, enterprises, and organizations located on the corresponding territory, irrespective of their departmental subordination.

This sharply enhances the organizational and coordinating role of republics and oblasts in resolving economic, social, and nature conservation tasks and, consequently, the responsibility of union republic Councils of Ministers and Gosplans for the comprehensive development of krays and oblasts and for collaboration with union organs. All territorial organs have been granted complete autonomy in planning. The plans for the socioeconomic development of Moscow and Moscow Oblast, and Leningrad and Leningrad Oblast will continue to be drawn up on an all-union basis.

The local budget is to be formed in a new way. All the enterprises in the region, no matter whom they belong to, must now make a payment to the local budget for the use of manpower and natural resources and also pay a certain proportion of their profit. This is also an objective requirement of social justice since all labor collectives are indissolubly linked with the economic and social environment of the regions in which they live and work. Economically-based financial relationships of this kind are a real incentive to efficient economic management.

Local organs must really fully exercise their rights in the interests of regions' development. At the same time it is necessary to prevent attempts at administrative interference in the activity of labor collectives and to eradicate the practice of wasteful use of their resources. It is easy to see how intolerable such efforts are in conditions of full economic accountability and self-financing. These simple truths must be remembered because local organs, using all sorts of specious excuses, are continuing even now to set enterprises targets regardless of their rights and potential.

I shall quote an example. This year the Belorussian Ministry of the Construction Materials Industry's Osipovichskiy cardboard and roofing felt plant switched to full economic accountability and self-financing. The plant is working profitably, people believed in restructuring, and they are trying to work better. Yet the Mogilev Oblast soviet, operating in the old way and using the customary methods, instructed the plant to build 12 homestead-type dwellings, a polyethylene greenhouse and a winter greenhouse, and a vegetable storage facility and to acquire 4 Niva combines this year. All this for nothing, without allocating any resources. This directive venture will cost R350,000 and will use up almost 16 percent of the collective's economically accountable income this year.

This example is no exception, unfortunately. Labor collectives' rights are now protected against such willful interference from above by the Law on State Enterprise, and everyone will have to unswervingly obey it.

At the same time enterprises, associations, and union ministries must give territorial organs effective help in the comprehensive development of the social-consumer service and production infrastructure and take an active part in resolving general economic taks. But all this must be done in the new conditions on a strictly economic, contractual basis.

Comrades! In the range of territorial management problems, the main attention must be focused on problems of social development. Priority must be given to food and housing and the satisfaction of the population's demand for high-quality goods and services.

The results of the past 2 years show that the population's food supply is gradually improving on the whole and that the necessary conditions have been created in the country for increasing agricultural production. However, the problem remains acute. Both local management organs and agro-industrial complex subdivisions must use every lever and means offered by the new economic mechanism to strengthen and expand their regions' food base. To this end, it is necessary to learn to make effective use of the new incentives -- the firm size of deliveries to the all-union fund and farms' increased interest in increasing output.

Economic leaders in a number of oblasts and in some union republics swiftly perceived the advantages and potential offered by the new conditions and -- and this is the main point -- have started to act energetically. People there have already felt tangible changes for the better. But this is happening by no means everywhere, and many local leaders continue, as in the past, to demand from central organs a redistribution of food resources in their own favor and try to solve their own problems at someone else's expense. It is clear that restructuring has not yet even started in such local organs. Such economic management is no longer possible now.

There can be no doubt that the state and cooperative forms of agricultural production and the strengthening of kolkhozes and sovkhozes have been and still remain the foundation for the solution of the food problem. It is merely necessary for leaders to really learn to use the flexible and efficient forms of labor organization and effective incentives encouraging people to value and cherish the land and to love their labor on that land. The development of collective and family contracts in every possible way is a promising avenue in this direction, as the CPSU Central Committee June Plenum so convincingly said.

It is perfectly obvious that to solve the food problem as swiftly as possible, the territorial organs of management must utilize all forms for the development and all reserves for the growth of agricultural production. Broad use must be made for this purpose of personal subsidiary plots, truck gardening and horticultural cooperatives, and enterprise subsidiary farms. Unfortunately, these additional reserves for boosting food resources are not being effectively activated everywhere.

The housing problem is equally acute today. If affects the vital interests of many millions of Soviet people. The 27th party congress set a task of tremendous importance -- providing a separate apartment or an individual house for virtually every family by the year 2000. This program demands truly colossal joint efforts by all management organs, as well as persistent and consistent work both in the center and at local level. [paragraph continues]

Facts testify that the importance of this work has not been realized in all republics and oblasts. Many local organs lack a precise program for action and have not analyzed what sources of finance they will use and what priorities they will apply in gradually constructing housing.

But this must be analyzed. Funds for housing construction are now allocated by local organs, by union and republican ministries, and, finally, by enterprises whose role is sharply growing in conditions of economic accountability and self-financing. So it is clear how important it is to locally coordinate the efforts of all participants in construction and to rationally assimilate all financial and material resources. The union republic Councils of Ministers and local organs have at their disposal powerful levers for this, since they themselves now draw up the plans for contract construction work on all projects in the social and cultural sphere, regardless of departmental jurisdiction.

I would like to draw your attention, Comrade Deputies, also to the problem of supplying the population with consumer goods and services. Good experience exists in this sphere, positive changes have taken shape. But the shortcomings and omissions are perhaps much more numerous.

The population's income is increasing and, quite naturally, its demand for goods and services is increasing, and requirements regarding output quality are growing. But all-union and republican industry and trade are slow and insufficiently flexible in their reaction to the new market conditions. It is no accident that speculators and private operators are still flourishing and that the so-called "shadow" economy is expanding. This situation must be radically changed.

Practical measures have already been planned for this purpose: The production of consumer goods is being planned in a new fashion, on the basis of free sales and conclusion of contracts at wholesale trade fairs. This must make enterprises really and truly work for the consumer. Initial experience shows that this method is having a certain effect -- trade fairs objectively assess the quality of goods and invest their rubles in everything of good quality. Furthermore, the trade fair also exposes those who are altogether unprepared for work in the new conditions, and who are continuing to do their utmost to force upon the trade network output, that no one has wanted for a long time now. The rejection of these enterprises' products must now force them to think seriously -- after all, only sold goods will bring profits and prosperity to labor collectives. Unfortunately, new and progressive methods in this work are finding it difficult to make headway. Some trade fairs are a mere fiction, old-fashioned procedures still operate at them, and the ultimate result is that the purchaser suffers.

Territorial management organs are faced with great tasks in developing the services sphere. The situation prevailing is such that in 1986 consumer services worth just R44 were sold to city dwellers, and the figure was one-third less for rural inhabitants. Although the provision of such services grew by 7 percent over the year, this is totally inadequate -- rates must be substantially increased. Enterprises and associations must become involved in this important matter irrespective of their departmental subordination.

People must obtain the necessary services without any difficulty. We cannot continue to allow repairs to apartments and domestic equipment, goods deliveries, and many other things which people currently need in their everyday lives to turn into insoluble problems. Real opportunities exist for resolving all this. It is merely necessary to really get down to work.

The new economic mechanism makes union republic Councils of Ministers responsible for ensuring a precise balance between monetary income and the population's expenditure in the region. Unfortunately, even in this area certain republics mainly count on help from central organs and on the redistribution of goods resources in their favor. Thus in 1986 the gap between the population's income and the goods and services available was R600 million in Azerbaijan, R500 million in Georgia, and R230 million in Turkmenia. All this makes people dissatsified and undermines labor incentives.

To sharply alter the present situation local organs must make fuller use of all forms of organization of production, trade, and the provision of services -- including cooperatives and individual labor activity by the population.

Hundreds of cooperatives are already working in the country on the procurement and processing of secondary raw materials. By the end of the 5-year plan, according to Gossnab calculations, they will carry out around 20 percent of the total volume of procurement and more than 10 percent of raw material processing. New forms of the organization of cooperative production have started to be used in other spheres too -- over 1,600 cooperatives in the union republics work in the public catering, produce consumer goods, or provide services to the population. Union republic Councils of Ministers propose to double their numbers by the end of this year. These figures attest that work is under way, but so far its pace and scale cannot satisfy us.

There must be tens and hundreds of times more cooperatives, and their contribution to our economy must be more tangible. We must orient ourselves toward ensuring that in the next few years their activity provides a minimum of 3-5 percent of the total volume of services and public catering. All the conditions for this have been created, it is now a question of everyday, meticulous organizational work, local organs' initiative, and their ability to place the new task on a practical footing. It is important to overcome psychological barriers, years of prejudice, and negative attitudes to cooperative and individual forms of labor activity. After all, we have already seen for ourselves that where these forms have been applied successfully Soviet power has in no way suffered from people starting to live better and earn more.

Comrades!

The restructuring of territorial management requires a qualitatively new approach to the organization of work and the composition of republican organs -- ministries and departments. Many poblems accumulated here over the past few decades -- management has been stereotyped, and as a rule neither the scale of work or the specialization of production have been taken into account. Structural schemes prevailing in the center are mechanically copied. There are now more than 800 ministries and departments in the union republics. That is an enormous figure and can in no way be justified by economic necessity.

Management links have sprouted unjustifiably at the oblast level too. In cities and rayons, things are reaching the point where independent management organs are created out of two or three people.

For instance, the initiative of the Estonian SSR Council of Ministers, which proposed reducing five republican ministries and departments by amalgamating them, was timely and useful. Other republics must also thoroughly study these questions and find effective ways of improving their management structure. This work must be completed in 1987-1988.

The CPSU Central Committee and the USSR Council of Ministers have outlined major measures for practically implementing soviets' growing rights in administering their territories' economic and social development. Main production and economic administrations will be formed in krays and oblasts. They must be the organizers and coordinators of work in their regions. They are to ensure the formulation and fulfillment of comprehensive plans for their economic and social development under the leadership of local ispolkoms. Apart from local organs' leadership of the management of the economy, they are responsible for coordinating the activity of all associations, enterprises, and organizations located on the kray or oblast territory and for giving them the necessary assistance.

The improvement of the methods and style of the work of republic and local organs and the enhancement of their role in the integrated management system is to still further activate working people's creative forces and provide a powerful boost to the acceleration of the country's socioeconomic development. This must be territorial management organs' main contribution to restructuring.

V. The Radical Restructuring of the Activity of Central Economic Organs [subhead]

Comrades!

Allow me to dwell on the activity of central economic organs, an important component of the leadership of the socialist economy. Their place and role is predetermined by the concept of an integrated management system and the provisions of the USSR Law on State Enterprise. These organs must ensure the implementation of the economic and social development strategy elaborated by the party and head the work to create the conditions for efficient activity by enterprises on the basis of the principles of full economic accountability and self-financing.

An enormous gain and indisputable advantage of the socialist system lies primarily in the planned leadership of the national economy. The broadening of the democratic foundations of planning and the active involvement of labor collectives in the planning process open up new opportunities for the more efficient utilization of this most important advantage of socialism.

State planning is acquiring a fundamentally different quality. It will be aimed primarily at elaborating the long-term strategy and determining the main priorities and objectives of economic development. The optimum combination of centralized principles in the resolution of statewide tasks with enterprises' independence and labor collectives' interests is an important task for it.

This work must definitely be headed by the USSR Gosplan -- the scientific-economic headquarters of our country -- which must today really match up to its high calling. It must focus attention on shaping general economic and intersector balances, rationally siting productive forces, and determining avenues of investment policy and scientific and technical progress. The balanced development of the entire economy, the implementation of a broad social program, the active involvement of the country in the system of international division of labor, and the ensuring of a reliable defense capability are subjects of special concern.

The transition to a harmonious system of long-term and 5-year plans is of essential significance for improving planning. Under the new conditions the concept for the economic and social development of the country for a 15-year period is the economic-policy platform for the long-term development of the national economy. [paragraph continues]

Here scientific principles for selecting optimum variants are being substantially broadened and strengthened, and really in-depth elaboration of the national economy's development prospects is ensured.

The concept will form the basis for the preparation of basic guidelines for the development of the country for a 15-year term. These are intended to translate the party's economic strategy into specific figures and targets. The basic guidelines will be worked out for 5-year periods, thereby determining the stages of economic growth.

This kind of system creates continuity and continuousness in the planning process, places a firm and reliable scientific foundation under the state 5-year plan, which now becomes our basic plan, and substantially increases its role in realizing economic and social development tasks.

The process of elaborating the 5-year plan is being qualitatively changed. It starts at the bottom, with the enterprises, on the basis of general initial planning data. Enteprises, their labor collectives, and the broad public now have a real opportunity to participate in the elaboration of planning decisions.

The stepping up of the role of the 5-year plan and the democratization of the process of drafting it required a fundamentally new approach to the problem of annual planning. The party Central Committee and the USSR Council of Ministers have deemed it necessary in the new conditions to abandon the practice of approving annual plans, starting with the 13th 5-Year Plan. Now enterprises, on the basis of the 5-year plan figures, will autonomously determine their development for each year of the 5-year plan. The main purport of these changes is that they finally rid the labor collectives of the pernicious practice of planning on the basis of what has already been achieved, of the so-called "base" system. This is a very important prerequisite for stable, confident work by the collective, releasing it from the need to conceal production reserves and put them by, just in case.

Thus, comrades, it is necessary to develop a system of state plans for economic and social development which is totally new both in form and in content. This is one of the most important questions of the restructuring, making it incumbent on the USSR Gosplan to manage economic processes in a new way.

It is well-known that structural and investments policy is a very important lever for shaping national economic proportions. Formerly it was implemented simply -- the whole volume of capital investments was distributed from the center. Now, after the switching of enterprises to self-financing, a significant proportion, and in some sectors the greater proportion, of accumulations built up remain entirely at their disposal. This means it will be necessary to pursue investments policy in a different way. The task of the USSR Gosplan is to discover the optimum relationships between centralized and noncentralized capital investments, and to organize this process efficiently with the help of long-term economic normatives, levers, and incentives. It is important to correctly choose the main directions of centralized capital investments and use them to ensure the resolution of statewide production, scientific, technical, and social tasks which determine national economic proportions.

The Gosplan must master new methods of managing proportions in material and physical terms. Its most important function is to determine the composition of the state order on the basis of the strategic tasks of economic development, the acceleration of scientific and technical progress, the improvement of the structure of exports and imports, and the strengthening of defense capability.

The social thrust of our plans has now been sharply intensified. This is a vast package of questions covering the development of the entire social sphere, organically combined with the fulfillment of production tasks. The USSR Gosplan must link them together, correctly determine priorities, and find effective means and resources for the rapid resolution of social problems. It is necessary once and for all to abandon the leftover method of planning the development of this sphere, in view of the fact that it is a most important condition of the stepping up of working people's social activeness.

In recent years the problem of balance in plans at all levels of economic management has been sharply exacerbated. We must all be very clearly aware that no longer can the country increase material and manpower resources and bring them into production on such a scale as it did before, during the period of extensive development of the economy, and cover growing demands in this way.

It is perfectly obvious that the saving of resources is the main avenue for ensuring balance in these conditions. Our consumption of resources is extremely uneconomical and often wasteful, and we are slow to reduce the materials-, metal-, and energy-intensiveness of output and labor expenditure on its production. But the line of resource-saving is applied with insufficient persistence by the USSR Gosplan, the USSR Gossnab, ministries and departments, and union republic Councils of Ministers.

In recent times the USSR Gosplan has often been fairly criticized for errors in planning and for inadequately ensuring the balance of [manufacturing] capacities and processing facilities [peredely] in a number of sectors. This can be felt in particular in the timber and chemical and agro-industrial sectors and in metallurgy. The USSR Gosplan must raise all its balancing work to a qualitatively new level and substantially intensify its role. A fundamental restructuring of its activity and decisive improvement of its style and methods of work are necessary for it to fully cope with its tasks. Of course, extreme importance attaches to the USSR Gosplan's function of constantly improving the economic management mechanism and the entire system of the economy's planned management.

Comrades! The success of the restructuring of the national economy's management is directly dependent on the efficient management of the acceleration of scientific and technical progress. It is extremely necessary to sharply improve the management of this entire process. Here, more than anywhere, half-measures and partial solutions are unacceptable, what is necessary is a comprehensive and all-embracing approach.

During the years of Soviet power the country has created a mighty scientific, technical, and intellectual potential. The USSR now has 5,000 institutes and scientific institutions and about 1,800 design, planning and design, and technological organizations. The sphere of science and scientific services employs more than 4.5 million people, and 5 percent of the national income -- about R30 billion -- was appropriated for its development last year, for example. As you can see, the potential is really tremendous. To activate it in full is to solve the main problems facing the country.

We cannot but be perturbed and concerned at the fact that we have started lagging behind the scientific and technical revolution in the world in a number of most important spheres of scientific and technical progress. Poor use is made of scientific groundwork, and foreign technological solutions are borrowed without justification despite the existence of our own more advanced solutions. [paragraph continues]

The main cause of this situation lies in the fact that scientific and technical progress is not an organic part of all economic processes. There is no efficient system for managing the development of science and technology, and the path from the scientific idea to series production of a new article is intolerably long.

It is from the standpoint of overcoming these shortcomings that restructuring is in progress in work to manage scientific and technical progress. The role of the USSR State Committee for Science and Technology in these transformations is greater than ever before. It must define priority avenues, ensure the development and implementation of targeted state programs revolutionizing social production and the implementation of programs for scientific and technical progress in CEMA countries, and coordinate and guide the work of intersectorial science and technology complexes. All the rights it needs for this purpose are being given to it today, and it must make skillful use of them.

The main thing is to bring the country's entire scientific potential -- from the plant sector to the USSR Academy of Sciences -- into play. The USSR Law on State Enterprise provides good incentives for accelerating scientific and technical progress. The provisions of the law make the development of the plant sector of science and the institutes and organizations comprising production and science and production associations directly dependent on the results of their work. Things here must proceed.

As for the growth in the efficiency of the work of independent institutes and scientific establishments, this is only possible if they are switched to economic accountability and a contractual footing. The work of these institutes and establishments will be based on orders from enterprises, associations, and organizations on the basis of competitive studies and rivalry [sorevnovatelnost]. Only in this way can we move from, figuratively speaking, maintainig institutes to financing the specific work they carry out -- that is, to ensuring that their collectives' activity is self-financing. We must prepare thoroughly for this.

Comrade Deputies, material and technical supply requires serious efforts and the closest attention. It permeates the entire reproduction process and ensures its stability. Complete economic accountability and the expansion of enterprises' autonomy make new demands on its tasks and functions and fundamentally change the methods whereby they are implemented.

How do we view the supply system in the new economic management conditions?

The broad development of wholesale trade is the main avenue here. It most fully accords with the principles of economic accountability and self-financing and creates favorable conditions for the economical expenditure of material resources. However, this progressive from is still being developed impermissibly slowly. It still does not exceed 5 percent of the total deliveries within the USSR Gossnab system. The task is to turn wholesale trade over the next 4-5 years into the main from of material and technical supply to enterprises and associations in all sectors and regions. It is important that this really be wholesale trade with no funds or supply orders and be based on consumers' orders, with extensive use being made of contractual prices and socialist competition for the purchaser and with the possibility of choosing your business partner. Ultimately this will create a socialist market for means of production that will eradicate the diktat and monopoly of producers. The organs of the USSR Gossnab, the USSR Gosaprogrom system, and others must be the organizers and executants of these transformations.

At the present stage the centralized distribution of output, with the state order as its plan basis, retains its significance. The USSR Gossnab must seek to ensure the rational combination of various forms of material and technical supply and to create equal economically accountable responsibility for everyone taking part in the circulation process. Gossnab has now also been given the responsibility for drawing up most material balances. These are to be qualitatively new in content, without the degree of detail that they used to have.

Another important aspect -- reserves -- must be mentioned here. The rooted notion that reserves are a removal of resources from social production has done our national economy nothing but harm. That position cannot be maintained. Not to have the necessary reserves means depriving the national economy of economic maneuverability, the ability to respond rapidly to new scientific and technical discoveries, and the ability to protect the economy against all kinds of unforeseen extreme influences. Eliminating these trends is one of the tasks of Gosplan and Gossnab activity.

Here is a typical situation. Often the question was not just one of a lack of resources. The existing economic mechanism did not prevent the stockpiling of resources at enterprises and the creation of excessive above-normative stocks. For example, in industry alone the value of such stocks of raw and other materials and semimanufactures has reached R27 billion, or 70 percent above the normatives. Scattered among tens of thousands of enterprises, these stocks are not mobile and it is hard to make efficient use of them. It is absurd that despite this surplus of material resources we often do not have enough and there is a shortage of them in the country.

The radical reform of price formation is a necessary condition for the introduction of full economic accountability and self-financing. This problem is of concern to everyone and has been discussed more often than all the others. The existing pricing system is rooted in the period of extensive development of the national economy. This also explains the major shortcomings and disproportions which have reduced this essentially most active economic lever to the level of the simplest instrument of accounting and calculation. Prices have long been divorced from socially necessary expenditure. The price formation mechanism does not encourage resource-saving, the improvement of output quality, or the acceleration of scientific and technical progress.

Of course, the improvement of price formation is not an aim in itself. Without fundamental transformations in this sphere it is impossible to create an effective cost-cutting mechanism, to exclude unwarranted subsidies from the price structure, and to eliminate unprofitable production. It is necessary to proceed from the premise that in modern conditions progressive pricing means above all ensuring that prices correspond as much as possible to socially necessary expenditure and to the principle of payment for resources. The national economy needs prices which accurately reflect economic processes, the real consumer characteristics of output, its efficiency and newness, and the degree of balance between supply and demand. Finally, prices are needed which make it possible on a realistic basis to ensure the transfer to the principles of economic accountability and self-financing.

To this end it is planned to substantially change the price formation procedure. Prices for output of the greatest national economic and social importance will be set centrally. Ministries and manufacturing enterprises will receive extensive rights to set contractual prices by agreement with customers. Furthermore, enterprises and cooperatives will be able to determine prices independently for some of the goods they produce. [paragraph continues]

This expansion of enterprises' rights in price formation and the reciprocal coordination of prices are objectively aimed at eliminating the diktat of producers and their monopoly in this area. But, unfortunately, that is not always the case.

Here is an example. The Ministry of the Machine Tool and Tool Building Industry's Dnepropetrovsk Heavy Press Plant produces plywood-bonding presses and sells them at contractual prices. Over the last few years the price of this equipment has increased 700 percent, while its productivity has only doubled. The plant justifies the price increase on the basis of some modernization of the pressses. In fact their technical standard remains virtually as before. There continues to be a lack of comprehensive mechanization of the production process, and manual labor has not been eradicated. So why did the customer enterprises of the USSR Ministry of the Timber, Pulp and Paper, and Wood Processing Industry, which overpaid the Dnepropetrovsk plant almost R1.5 billion, have to squander their money? This is incompatible with work in conditions of self-financing. The artificial inflation of prices is a dangerous way to "earn" funds, and any attempts to take that route must be strictly stopped.

It is clear from what has been said that the USSR State Committee on Prices must resolutely restructure its activity. Relying on profound knowledge of economic processes and the scientific principles of price formation, it must conduct an active policy in this most important sphere. There is enormous work to do -- preparing for an carrying out a radical reform of price formation and reviewing wholesale and purchase prices, goods shipment tariffs, and prices in the construction industry. Restructuring must be conducted in a profoundly well conceived and well balanced way and at the same time within a tight schedule: The 13th 5-Year Plan must be formulated in new prices.

As for retail prices, it was pointed out at the CPSU Central Committee June Plenum that changes to them should not only not lead to a deterioration of working people's living standards, but, on the contrary, should lead to an increase in living standards for certain catergories of working people and more consistent implementation of the principle of social justice.

The State Committtee on Prices bears full responsibility for the observance of state policy and price discipline in the national economy.

Comrades, we must also very seriously set about restructuring the financial system. The bans and regulations with which financial organs have often fettered the initiative of enterprises, organizations, local organs, and ministries have become common talk. This policy of restrictions is the result of inability and also reluctance as a powerful means of influencing the increase in the efficiency of enterprises' work, the economical expenditure of resources, and the cutting of costs.

This was to a large extent the reason why financial strain intensified in the national economy and the number of enterprises failing to fulfill targets for profits and the reduction of prime cost increased. The obsolete financial system does not stimulate increased economic efficiency.

The crux of the new approach to finances is, on the one hand, to step up their influence on the balance of social and economic development plans and the mobilization of resources for the implementation of major structural changes in the economy. On the other hand, to create the conditions for the expansion of the economic initiative of enterprises and local organs and the enhancement of their responsibility for the end results of work.

This must be done on the basis of a system of long-term normatives and financial norms which will ensure the precise balance of monetary and material resources. Normatives must be carefully weighed and must take account of the fact that a surplus of money is as harmful to the economy as a shortage of resources.

In the conditions of self-financing the role of the country's state budget changes substantially. The system of nonrepayable finance becomes a thing of the past. The state will concentrate budgetary resources primarily on the structural restructuring of the economy, the financing of comprehensive targeted programs, the buildup of the scientific and technical potential, the acceleration of social development, and the strengthening of the country's defense capability. The structure of budget income is also changing drastically. Income will be based to an ever greater extent on increasing real accumulations and payments for resources. All this will give the budget the necessary stability and balance.

I would like to dwell in particular on one urgent, sensitive question for our economy, that of loss-making enterprises. The proportion of loss-making enterprises in industry alone reached 13 percent in 1986. Their losses are a heavy burden on the national economy.

Unfortunately, people at all levels of management have grown accustomed to this disease. Many leaders have begun to regard it as an entirely normal and tolerable phenomenon. These views have taken such deep root that a real struggle lies ahead to eliminate the mentality which regards loss-making production units as inevitable.

The new economic mechanism requires the ministries to elaborate special measures and define concrete timetables for the elimination of losses at each such enterprise. These measures are well-known -- retooling, the improvement of the organization of production and labor, and the strengthening of discipline. The most effective weapon here is the mechanism of full economic accountability and self-financing.

If all efforts prove fruitless and do not yield positive results, only one option remains -- to reorganize or abolish the enterprise, as is provided for in the draft USSR law. Naturally, this decision will only be taken in extreme cases. All the working people must certainly be guaranteed work.

In recent years the influence of credit policy on increasing production efficiency has lessened to an impermissible degree. On a large scale, credits have been used to cover losses and thriftlessness. Payment discipline has severely deteriorated. Certain enterprises have begun to forget that debts should be repaid. The total sum of overdue debts has attained nearly R40 billion. This means many enterprises live beyond their means, spend more than they earn, or, to put it simply, have become parasites. This practice is incompatible with the new economic management system.

A major restructuring of the entire credit system is needed, to step up the role of credit and fully restore the force of its active influence on the country's economic life.

The existing banking system developed some 30 years ago. Since then its functions have widened and the volume of operations carried out by the banks has multiplied, but they have not changed organizationally. The banking system has become extremely inflexible and fails to take sufficient account of the specific features and peculiarties of various sectors and spheres of the economy. [paragraph continues]

Enterprises are forced to have dealings with two banks: The Gosbank for current production activity and the Stroybank [Bank for Financing Capital Investments -- FBIS] for capital investments. The question of reorganizing the banking system and setting up specialized banks to serve the country's individual national economic complexes has become acute.

Proposals have been prepared on organizing six autonomous banks in the country: the USSR Gosbank, the Bank for Foreign Economic Activity, the Industrial Construction Bank, the Agro-Industrial Bank, the Bank for Housing and Municipal Services and Social Development, and the Bank for Labor Savings and Credit to the Population. This restructuring will make it practically possible to step up the role of the USSR Gosbank as the main emissions and accounting center and organizer of the monetary and credit system. In the sector banks credit work will be more closely combined with economic work. The question of introducing full economic accountability into the banks' activity is also becoming urgent.

Comrades! The new system of economic management can function successfully only if it is built on a broad social base and if, actively utilizing a system of motives and incentives, it creates true interest on the part of every worker and all labor collectives in achieving high results in their labor. Probably the most effective and sensitive of the levers and incentives by means of which influence is exerted on the working people's personal interests is wages.

As you know, the funds for increasing labor remuneration must now be earned by labor collectives. This gives enterprises an intimate interest in increasing production efficiency and improving their work. The rights of collectives in the utilization of the wages fund have been considerably expanded. Limitations on the size of workers' labor remuneration have been abolished, but at the same time wages must really be earned.

Work on introducing the new conditions of labor organization and remuneration is being conducted most actively in the Ministry of Railways. A package of economic and organizational measures on the country's 11 railroads made it possible to increase the average wage by 7.2 percent last year and to increase labor productivity by more than 12 percent.

But by no means all departments are acting so vigorously. Ones such as the USSR Ministry of the Coal Industry, the USSR Ministry on Nonferrous Metallurgy, the USSR Ministry of Power and Electrification, and the USSR Ministry of the Machine Tool and Tool Building Industry have hardly embarked on this work. Their leaders are evidently hoping to obtain funds from the state to increase labor remuneration. Such calculations are futile. Our policy of earning funds for labor remuneration is identical for everyone, and it is a firm policy. This is the chief way to eliminate leveling and dependence.

We have to completely overcome the concept of leveling in labor remuneration, which long ago became a real scourge of workers' initiative and creativity.

We must break with established stereotypes whereby people have not ventured to pay a bad worker a low wage and have been afraid to pay a good one a higher wage. He who works better earns more and must live better. This is our principled position on this question. Precisely this is true social justice and the basis of genuine equality.

The exceptionally great social significance of all these problems is making new heightened demands on the activity of the USSR State Committee for Labor and Social Problems.

Restructuring of national economic management requires improvement in the whole business of state statistics. A comprehensive network of statistical organs operates in the country today. However, they are still not working very well. Many figures are not authentic, do not reflect the essence of economic phenomena, and do not provide the population with sufficient statistical information. All this makes it difficult to analyze economic and social processes and trends and to formulate correct decisions.

The CPSU Central Committee and the USSR Council of Ministers have prepared a proposal to transform the USSR Central Statistical Administration into a union republic USSR State Committee for Statistics. We hope that this will help to improve the business of statistics in the country.

I should also dwell particularly on an acute problem which elicits just complaints and, to put it bluntly, is extremely irritating to enterprise workers. I mean the irrepressible stream of all sorts of checks, control inspections, and audits. They simply do not let labor collectives work and live normally. Of course, control is needed. Sensible control which does not substitute for living work or become a constant harassment and nuisance is needed. Our control apparatus has clearly grown too big, is seeking work for itself, and is trying to justify its existence. Organs of interdepartmental -- I emphasize, interdepartmental -- control alone employ approximately 280,000 people. That is 10 percent of the entire complement of the apparatus of organs of state and economic management. It turns out that 1 management worker in every 10 is a controller. Is this not too extravagant, comrades?

Serious decisions aimed at lifting from enterprises the yoke of excessive and quite unjustified checks and regulating the entire system for organizing control in the country are needed. The June Plenum outlined the creation of such a unified, integral system on the basis of the People's Control Committee, and it is to be supposed that this will make it possible to substantially resolve this problem.

These, comrades, are the main directions for restructuring the work of central economic organs.

Permanent organs of the USSR Council of Ministers must also step up their activity under the new conditions. They must substantially improve the standard of leadership of national economic complexes, striving persistently to resolve the tasks facing them of accelerating the country's socioeconomic development, arrange efficient cooperation with central economic organs, and improve the style and methods of their work.

The radical restructuring of the system of leading the country's economy requires a further improvement of the activity of the USSR Government. In light of the CPSU Central Committee June Plenum decisions, it sees its task to unswervingly implement the party's economic strategy and ensure profound transformations in the national economy on the basis of the Leninist principles of management and the all-around democratization of management. The USSR Council of Ministers will consistently improve management of the national economy, implement a strong social policy, display greater exactingness and self-criticalness in all its activity, combine the resolution of long-term questions with current tasks, and firmly and persistently implement the principles and provisions of an integrated management system.

VI. Practical Organizational Work To Restructure the National Economic Management System [subhead]

Comrades! A task of enormous importance is to turn the program for the revolutionary restructuring of national economic management approved by the CPSU Central Committee June Plenum into a really operational system as soon as possible. The new economic model of economic management incorporates the latest achievements of theoretical thinking, progressive experience of socialist building, everything of value that has been verified by practice during the transformations that have now begun, and the party's line of democratizing every aspect of our society. It must give socialism a new face, take it to a qualitatively higher level, and more fully establish its main values. This is a task of historic importance and tremendous efforts, painstaking organizational, political, and economic work, and precisely coordinated actions by every echelon of management are needed to put all our plans into practice.

The profound process of restructuring the country's economic management will, of course, take a certain amount of time. Two most important stages in this work emerge today. The first stage is the most complex and crucial, as it is the stage when the transition will be made from the old methods of economic management to the new. We have no right to drag this stage out, it must be limited to the current 5-year period.

The main thing at this stage will be the introduction of the USSR Law on State Enterprise (Association). The law, as is well known, is designed to operate in the context of total economic accountability and self-financing. For the law to really begin to operate it is necessary to transfer enterprises in every sector of material production to these principles as soon as possible. The CPSU Central Committee and the USSR Council of Ministers have decided to implement this transfer during the 1988-1989. Associations and enterprises in the machine building and chemical and timber complexes, metallurgy, all forms of transport, and a number of other sectors will be operating under the new conditions next year. In the industrial sector these enterprises will account for approximately 60 percent of total output.

The complexity of the first stage also stems from the fact that the restructuring of the management system is being implemented on the move, so to speak. We have no time for a break. The economy cannot come to a halt and must not slow its development. The 5-year plan is in operation in the country. We must meet its targets without making allowances for difficulties in restructuring. Moreover, progressive economic management methods must be used to the full to increase production, giving new substance to this production growth, and to resolve the tasks for the current 5-year plan as effectively as possible.

Comrades, 18 months of the 5-year plan are ready behind us. Appreciable changes are taking place in the economy. Industrial development rates are exceeding the 5-year plan targets and efficiency is increasing. All output growth in the most important sectors of the national economy is being almost entirely secured through improved labor productivity. But we must be very clearly aware that the essential stability in economic development has still not been achieved and that the deep-seated factors of economic growth have not been properly brought into play.

That fact, plus the unsatisfactory work of a number of ministries and the mistakes made by central economic organs, explains to a large extent the disruption that ocrurred in the development of the national economy at the beginning of this year, a disruption whose consequences were overcome only with great efforts. The pace of work cannot be slackened, the plan for the year can and must be fulfilled. We have every basis for this.

There is enormous economic work to be done in the remaining years of the 5-year plan. This applies primarily to the improvement of price-formation and the large-scale restructuring of the material and technical supply system and the finance and credit mechanism.

A package of measures must be implemented to change organizational structures -- various types of large production associations must be created, the transfer to basically a two-tier system of sector management must be completed, and the structure and number of union and republic ministries and departments must be clarified.

Finally, it is necessary to form the 13th 5-Year Plan in the first stage on the new basis and principles. Here it is particularly important to prepare progressive, scientifically validated, stable economic normatives for the new 5-year plan and to communicate them to enterprises in good time.

Here is another important task for the present stage. It is necessary to rescind all the outmoded provisions, instructions, and methods which could prevent the full implementation of the Law on State Enterprise and in their place prepare new ones which accord with all its principles and provisions. This work must be done in such a way as to preclude any possibility of continuing to act in the old way under the new conditions.

The scale of the practical tasks to be accomplished before the end of this 5-year plan shows once more how complex the next 2-3 years will be and what a vast responsibility rests on all elements of the national economy during this period. All the work must be organized and completed in such a way as to ensure that we enter the next 5-year plan equipped with a new economic mechanism.

But even after that the work of improving management cannot stop. Furthermore, when the economy has fully transferred to the path of the new economic mechanism, the center of gravity will switch to ensuring harmonious cooperation among all the links and elements of the integrated management system. This is also a most important task of the second stage. Serious and painstaking analytical and organizational work will be needed during which it will be necessary to evaluate the strong and weak points of the entire system and to eliminate shortcomings and possible errors and imbalances. There will be some, of course. It would be a mistake to think that the new management system is something immutable, fixed once and for all, and not requiring constant improvement. Such mistakes have been made in the past. We are now fully aware of the consequences of that and have no right to repeat those mistakes.

Dynamic processes are taking place in the economy. They are conditioned by the scientific and technical revolution, profound changes in social relations and the growth of the role of the human factor, and the intensification of working people's social activeness. The economic mechanism has to react flexibly and promptly to all these and other objective processes. To disregard this is to put a brake on the country's development.

There must be no repetition of the unfortunate experience of the 1965 reform, when tardy action and half-measures reduced to naught the effectiveness of the new management mechanism. The forces of inertia and stagnation prevailed and there was a reversion to the old ways, perhaps in their worst form.

There is only one conclusion to be drawn from this -- it is necessary to struggle for the new, struggle to the end. It must be clearly understood that even now the new way will not fit into life easily, without resistance, of its own accord. Along the way it will be necessary to surmount many obstacles and difficulties, mental inertia, incompetence and incomprehension, and underestimation of the measures being implemented. This must be done by pooling efforts and working painstakingly and persistently with people.

But the most dangerous things that may be encountered along the way are red tape and formalism, which can stifle anything progressive. They must be combated mercilessly, by all available methods and means. The most effective restructuring weapon is resolute democratization of all social life and management and extensive openness regarding all the processes. Only then can the origins of red tape and formalism be undermined. Only this will make our transformations irrevocable.

These, comrades, are the basic guidelines for the forthcoming restructuring of the national economic management system at the present stage. As the CPSU Central Committee June Plenum stressed, organizational backup for the transformations that have started in the economy is a very important matter and the chief practical task of our whole society.

It will be solved by people, and the fate of restructuring is in their hands. The working people's thorough understanding of the inevitability and essence of radical changes capable of taking the economy to qualitatively new frontiers will make it possible to implement all the plans for creating an integrated management system.

But this understanding will not come of its own accord. For a management system based on economic methods to start operating at full power, it is necessary to eliminate the economic illiteracy of many leaders and specialists and give training a modern shape. To achieve this, it is necessary to sharply increase the effectiveness of the system for improving skills and the specialized economic management retraining of personnel. Every grain of positive experience accumulated by enterprises and management organs in the new conditions must be collected and made accessible to all.

The nationwide discussion of the draft Law on Enterprise, the CPSU Central Committee June Plenum, and the mounting process of democratization of social life have demonstrated that Soviet people have actively supported the party's line of renewal. This is the truest guarantee that the course of Lenin's party toward accelerating the country's socioeconomic development will be successfully implemented.

Comrades!

This year our country and the whole of progressive mankind celebrate the 70th anniversary of the October Revolution -- the greatest event in world history. The extensive work currently under way is a direct continuation and development of the revolutionary transformations initiated by October.

Restructuring is now on track. Its horizons, the grand scale of its tasks, and the intense rhythm of its deeds and accomplishments are clearly visible. In this multifaceted process that is decisive for the future of the country, every Soviet person must be an active and vigorous fighter.

The essentially revolutionary transformations in the national economic management system were begun on the initiative of the CPSU. The party elaborated the concept and program of restructuring, it is directing its progress, and it is inspiring working people to put into practice the profoundly democratic and progressive changes. The political leadership, will, and energy of the party are the enormous mobilizing force leading Soviet people to new accomplishments, to new victories for the socialist system. (Prolonged applause)

IZVESTIYA CARRIES MASLENNIKOV REPORT AT SESSION

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["Coreport by the Chambers' Permanent Commissions on the Question of Restructuring the National Economy's Management at the Contemporary Stage of the Country's Economic Development" delivered by Deputy N.I. Maslennikov, chairman of the USSR Supreme Soviet Soviet of Nationalities Budget and Planning Commission, at the 29 June morning joint session of the USSR Supreme Soviet Soviet of the Union and Soviet of Nationalities]

[Text] Comrade Deputies! The party's course of revolutionary transformations and our country's advance to a qualitatively new level of development demand the utmost activation of the Soviet people's creative energy. The idea of restructuring is confidently and increasingly profoundly penetrating the masses' awareness. There is an increasingly firm belief that the acceleration of society's renewal is a vital necessity. This is beginning to produce initial positive results. At the same time, however, it is impossible not to notice that this process is still developing only slowly.

The radical reform of management, whose principles were outlined in Comrade M.S. Gorbachev's report and approved by the CPSU Central Committee June (1987) Plenum, is without any doubt the key link in accelerating the implementation of the fundamental transformations in the economy and the social sphere planned by the CPSU Central Committee April (1985) Plenum and the 27th party congress. We are after all, talking about a purposeful restructuring of the entire economic system on the basis of new, economically accountable [khozraschetnyy] principles, about changing the approach to the solution of economic tasks and the very nature of mutual relations between different levels and links throughout the management structure.

The Law on State Enterprise (Association), whose draft has been submitted for examination by the current session, must provide the foundation for the creation of an integrated system for the management of the country's economy which will meet the demands of production intensification, foster scientific and technical progress, and the pursuit of a strong social policy.

The new law is a creative reinterpretation of Lenin's ideas of economic building -- ideas of abiding importance -- at the contemporary stage of the country's development. Its purpose is to provide more incentives and encouraging motivation for stalwart, conscientious, and inventive labor for the good of socialism. It is the new law that must lay firm foundations for the new economic mechanism which is designed to release the internal driving forces of socialist production and combine the interests of the state, the enterprise, and each working person in a single harmonious whole.

The chambers' Budget and Planning Commissions and Legislative Proposals Commissions, jointly with deputies from other permanent commissions, carried out a preliminary examination of the draft Law on State Enterprise, taking into account the amendments introduced to it by the USSR Government as a result of the nationwide discussion. The law we are examining today has been greatly enriched by new norms and has become more precise and more specific. This is the result of creative activity by the broad masses of working people and of party, soviet, and social organizations.

Society gave its full approval to the planned measures for the deepening of democratic principles in enterprises' activity, the decisive stepping up of their interest in and responsibility for the results of their work, and the transition from mainly administrative to predominantly economic methods of management. It is here that people perceive a reliable way for overcoming the phenomena of stagnation, eliminating braking factors in the work on the acceleration of socialist building, and boosting the labor and social activeness of every collective.

The active and keen discussion of the draft helped in arriving at the best combination of centralism on the one hand, and democratic principles in the management of and independence for enterprises under contemporary conditions on the other.

The transition to complete economic accountability [khozyaystvenny raschet] and self-financing will create the necessary conditions for implementation of the socialist enterprise's main task -- to satisfy to the utmost the social needs of the national economy and the citizens for its output and increase its contribution to the acceleration of the country's socioeconomic development. The enterprise is given extensive rights in the sphere of production planning and marketing, labor organization and payment, and participation in foreign economic ties.

The law will guarantee in practice the enteprise's independence in the production and social spheres and in mutual relations with other participants in the reproduction process. It is aimed at cultivating every working person's sense of being master of his own enterprise and of society as a whole, at developing self-management in labor collectives. This will be furthered by the legislative strengthening of the activity by labor collective councils and the elective status of production leaders at all levels.

A thorough analysis of the draft law showed it is in line with the tasks facing our society. While approving the draft as a whole, the commissions simultaneously deem it appropriate to introduce certain amplifications.

It is proposed to set normatives for the formation of incentive funds by enterprises, taking into account regional peculiarities on specific expenditure in project construction, thus ensuring that collectives enjoy equal opportunities to solve social problems.

It is necessary to reflect the fact that enterprises elaborate their long-term development plans proceeding not only from the sector's long-term tasks but also from the extent to which a territory's social infrastructure is developed and from the demographic and ecological situation.

It is of fundamental importance to clarify the provision regarding the enterprise's complete responsibility for the results of its activity. [paragraph continues]

Henceforth it must not only be responsible for the safekeeping of socialist property but must also display concern for augmenting it; it must be responsible not only for loss-free operation but also for profitable operation at a level ensuring self-financing and coverage of all communists.

There is obviously no need for a categorical provision in the law making it mandatory for enterprises to ensure a relative cutback in the proportion of funds earmarked for the upkeep of management personnel. After all, under conditions of complete economic accountability [khozyaystvennyy raschet] and self-financing, every enterprise will have an economic interest in the rational expenditure of its economically accountable [khozraschetnyy] revenue, including expenditure for these purposes.

The law can hardly provide an exhaustive list of the powers vested in labor collective councils. In practical terms, and in addition to specifically mentioned questions, the councils will also solve other questions unless, of course, they fall within the general meeting's competence.

Because some previously adopted departmental orders may clash with the law's provisions and create difficulties for enterprises' activity, the commissions propose that the USSR Supreme Soviet decree bringing the law into effect should instruct the USSR Council of Ministers to ensure the orders is question are brought in line with the law and that this work is completed during the current year.

The successful implementation of the law will be impossible without fundamental restructuring of all our other economic management organs. Ministries and departments must radically change the content of their activity and the forms and methods of work by the central apparatus by considerably reducing it and eliminating superfluous links. The deputies emphasized that labor incentives for apparatus officials must be linked to the end results of the sector's work.

An analysis of the work of several ministries whose enterprises have been transferred to the new economic management conditions showed they are making utterly inadequate use of the favorable opportunities provided. They have still not activated the underlying reserves for economic growth attendant on the acceleration of scientific and technical progress. Evidence of this can be seen in numerous data, and especially in the permanent commissions' recent examination of the question of work done by the USSR Ministry of the Automotive Industry to raise the standards of leadership in sector science, which has a leading role to play in the creation of new equipment.

Hitherto the ministry has failed to ensure the organizational and economic conditions necessary for raising the efficiency of scientific elaborations and boosting cadres' interest in this. At present, the equipment development process takes 10-15 years. Only 20 percent of articles produced meet world standards. Throughout their existence, the majority of institutes have failed to sell a single license while blindly copying foreign ones. Science plays an utterly inadequate role in improving production specialization and production sharing.

To put it briefly, the state of affairs is such that it is difficult to expect any serious breakthrough regarding the creation and assimilation of equipment that really meets all modern demands or regarding the scaling of new heights in technical and economic production indicators. This situation is, essentially, typical of many machine building ministries.

Ministries must give special attention to the development of economic cooperation between enterprises and associations under their jurisdiction and organizations abroad on the basis of foreign currency self-capitalization and self-financing. All relevant questions must be solved swiftly and effectively to really convince our partners of the advantages of cooperation with Soviet enterprises.

Restructuring is also needed in the activity of central economic organs. Now they must play to the full their role in setting up the entire economic mechanism, boosting social production efficiency, and determining the most important proportions in national economic development. A different approach will be needed in planning the development of intersectoral national economic complexes and ensuring the necessary coordination among them. The fulfillment of party directives on transition to integral-process planning of scientific and technical progress must be accelerated, and the practice of financing fundamental research must be improved.

We must organize the scientifically substantiated formulation of long-term economic normatives and control figures designed to channel enterprises' efforts toward the achievements of goals necessary for society. It is very important to ensure that the utilization of the new form envisaged by the law -- state orders for the production of output -- develops the independence of enterprises.

Decisive changes are needed in the work of finance and credit organs. Total balance must be ensured between material and financial resources.

We must seriously improve the practice of price formation as the most important factor for the creation of a cost-cutting mechanism and aim for the economic substantiation and flexibility of prices. More attention must be given by the appropriate central departments to the long-term planning of wholesale prices and charge rates and to the monitoring of their dynamics. Concern must be shown for openness in the event of price changes.

An integrated system of national economic management cannot be sufficiently effective without solving territorial planning and management problems. The transfer of additional powers to local soviets and republic organs demands the consolidation of their material and financial base and the expansion of opportunities for economic initiative. This is one of the main avenues for the development of democracy in the country's economic and social life.

Naturally, the expansion of enterprises' rights and independence must also bring about a growth of their contribution to regional development. For their part, soviets must give the utmost assistance to highly productive work by labor collectives and the rational utilization of the funds they earn.

The main objective of soviets' activity must be the satisfaction of the population's needs and demands and the consolidation of the social sphere's material base. The draft law lays down the relationship between the soviets and enterprises in this sphere, which must be put into practice as swiftly as possible.

Soviets have hitherto been timid in utilizing their rights to influence the comprehensive development of regions. They must be more objective in tackling the coordination of economic and social activity by all enterprises in the region, set up territorial intersectoral associations, and collaborate more actively with ministries on these issues. [paragraph continues]

These conditions will prevent the development of situations like the present one in which, for example, the USSR Ministry of the Coal Industry was committed to large-scale construction projects in the Kansk-Achinsk fuel and energy complex but has failed to build even a single hospital, polyclinic, or school there in the last 2 years.

The commissions' session placed special emphasis on the fact that the USSR Gosplan and union republic councils of ministers must, in line with the principles of social justice, improve the planning of housing construction for teachers, physicians, and cultural workers and construction in the housing and municipal services and other sectors in the nonproduction sphere.

Finally, the most important factor, on which the success of planned transformations and the returns from the new economic mechanism ultimately depend. We are talking about people, about their stance, beliefs, interests, and readiness to wage an active struggle for the implementation of plans. Sociological studies conducted by the USSR Academy of Sciences and the CPSU Central Committee Academy of Social Sciences and letters from working people indicate that a contradictory situation has developed at present. We have on the one hand faith in the changes being implemented, and on the other a certain caution and doubts about whether the plans outlined will be implemented. There are still strong fears that the new measures could end up as nothing but talk, empty promises, and unfulfilled hopes.

It is typical that, judging by polls of working people, more than four-fifths of them could work better than at present. All that is necessary, in their opinion, is to seriously and thoroughly tackle labor organization and incentives, working conditions, and material and technical supply.

Soviet, economic, and social organizations must consistently implement the measures planned by the party. It is very important for every labor collective and every working person to immediately sense and to tangibly feel that more efficient work has a direct effect on prosperity. It is necessary to resolutely eradicate leveling in labor incentives. At this point it would be appropriate to recall the K. Marx-F. Engels notion that "ideas" are invariably discredited as soon as they become detached from "interests." The paramount task of all soviet and economic cadres is to inspire confidence in the irreversibility of restructuring among the masses.

Comprehensive and systematic national economic management can be ensured only given a prompt and flexible response to changing conditions and tasks and optimum collaboration among different levels and spheres of management. It seems appropriate in this context for the USSR Council of Ministers to continue its work on improving the leadership of complexes of interconnected sectors and achieve better-coordinated action between ministries, departments, and territorial management organs and scientific and social organizations.

In the commissions' opinion, it is particularly important today to enhance the USSR Government's demandingness toward management organs for the implementation of the party's economic strategy and the comprehensive and purposeful introduction of the new economic mechanism. It is necessary to strengthen discipline, order, and organization and to step up monitoring of the fulfillment of adopted decisions.

To implement the CPSU Central Committee January (1987) Plenum directives for further democratization, it would be appropriate to expand working people's participation in the elaboration of management decisions concerning major economic, social, ecological, and other important problems and affecting the population's interests, and to develop the practice of making such decisions subject to broad public discussion in advance.

Under the conditions of the fundamental restructuring of economic management, the permanent commissions of the USSR Supreme Soviet chambers must also make fuller use of their potential. It must be said frankly that they were not fully involved in work on the draft Law on State Enterprise.

Now, once the law has been passed, the commissions' task is to join actively in work on monitoring preparations for its introduction and subsequent operation with a view to properly working out a legal mechanism corresponding to the depth and scope of the transformations become effected.

Today it is also legitimate to raise the question of expanding the permanent commissions powers and creating additional organizational and technical opportunities to further step up their work, since their activity does much to provide continuity in the USSR Supreme Soviet's work.

Comrade Deputies! The Soviet of the Union and Soviet of Nationalities permanent commissions recommend that the Supreme Soviet approve the USSR Law on State Enterprise (Association) subject to the considerations expressed in the commissions' coreport. It is also proposed that it adopt the draft USSR Supreme Soviet decrees on the question under discussion, drafted with the commissions' participation and submitted by the USSR Council of Ministers.

In the permanent commissions' opinion, these USSR Supreme Soviet enactments provide a sound legal basis for the creation of an integrated economic management system, the utmost development of intiative and creativeness, and the enhancement of production efficiency.

We all are entering a period of practical work. Allow me to express confidence that the state and economic organs, social organizations, and labor collectives will apply all their energy to the successful solution of the imposing tasks of the country's economic and social development set by the party, and will make a weighty contribution to a fitting welcome for the 70th anniversary of Great October. (applause)

RAZUMOVSKIY OUTLINES DRAFT LAW ON CITIZENS' RIGHTS

PM011149 Moscow IZVESTIYA in Russian 1 Jul 87 Morning Edition p 6

["Report by G.P. Razumovskiy, secretary of the CPSU Central Committee and chairman of the Soviet of the Union Legislative Proposals Commission," delivered at 30 June afternoon joint session of the USSR Supreme Soviet Soviet of the Union and Soviet of Nationalities: "On the Draft USSR Law on the Procedure of Appeal to the Courts Against Illegal Actions by Officials Encroaching on Citizens' Rights"]

[Text] Comrade deputies!

The questions being examined by the current session of the USSR Supreme Soviet are convincing proof of the viability of the course aimed at the acceleration of our country's socioeconomic development, restructuring, and the fullest implementation of the democratic principles and potential inherent in socialism's nature, the course elaborated by the CPSU Central Committee April (1985) Plenum and our party's 27th congress.

We are currently effecting a decisive turnaround toward eliminating shortcomings in the utilization of socialist democracy's potential and radically renewing its institutions and content and the forms and methods of its work. Working people's increasingly active participation in state and public life, the consistent affirmation of Lenin's ideas on the democratization of society, the expansion of openness, and the development of criticism and self-criticism are becoming signs of the times.

The radical reform of economic management, as the recently held CPSU Central Committee emphasized, is a key task of restructuring and its most important component. The point and general thrust of this reform, as of restructuring as a whole, are expressed in the concise formula: more socialism, more democracy.

The implementation of the party's program course of the utmost democratization of Soviet society and deepening of the people's socialist self-management is inseparably linked with ensuring reliable safeguards of Soviet people's constitutional rights and freedoms and a respectful attitude toward citizens' dignity. The utmost protection of human rights is an important link in the chain of the socialist system's genuine values and one of the main political, moral, and legal demands of our society.

In line with party decisions, effective measures are currently being taken aimed at consolidating the legal basis of state and public life and at stepping up the struggle against breaches of the law, bureaucratic distortions, and other negative phenomena. A number of specific steps have been taken to improve legislation and bring it into line with the objective requirements of the country's current development. Particular attention is being devoted to the consistent consolidation of legality and law and order, the implementation of the principles of social justice, the observance of citizens' political and personal rights, and the reinforcement of guarantees of their implementation.

These measures are promoting an the improvement of the moral atmosphere in society and have gained the people's unanimous support.

The actual implementation of the entire package of rights and the education of each citizen in the spirit of unity of his rights and duties depend largely on the precise fulfillment of Soviet laws by all officials and a considerate attitude by them toward each person, closely coupled with profound principledness and the ability to protect the interests of society and the collective.

It must be said with the utmost frankness that serious deviations from legal norms are still being committed, including when questions affecting people's interests are being resolved. We are still far from having overcome manifestations of bureaucratism and red tape and of a callous and bureaucratic attitude toward people and the satisfaction of their legitimate demands.

V.I. Lenin repeatedly stressed the need for precise work by all components of the state apparatus. He wrote in a letter to leaders of central Soviet institutions: "The machinery of Soviet administration must function accurately, precisely, and swiftly. Any laxness in it not only inflicts suffering on the interests of individuals, but also imparts an imaginary and illusory character to all management work."

These tenets are also topical now, when we have entered the period of restructuring, renewal of all aspects of state and public life, and overcoming of phenomena of stagnation, when a struggle has been launched against irresponsibility and bureaucratic indifference toward people.

It is appropriate to recall once more the precise stipulation formulated at the CPSU Central Committee January Plenum: "...socialism is a system serving man's well-being, his social and economic interests, his spiritual ennoblement."

Numerous legislative guarantees enacted by the Soviet state for the purpose of safeguarding citizens' rights and their legitimate interests are subordinated to the service of man. These guarantees include every citizen's right, enshrined in the Soviet Constitution, to appeal against illegal actions regardless of who has committed them -- state or public organs or individual officials.

The procedure and time limits for examining citizens' complaints were legislatively laid down in the very first years of Soviet power. Many of the rules on these issues were elaborated with the active participation of Vladimir Ilich Lenin who, as is well-known, was implacable toward any instances of red tape and bureaucratism, including the examination of citizens' complaints.

Lenin's demands are reflected in the current Constitution and the current legislation on the procedure for investigating complaints. At the same time, the provision of Article 58 of the Constitution, on the enactment of a procedure for appeal to the courts against actions committed by officials in violation of the law or in excess of their powers and encroaching upon citizens' rights, has not yet been implemented. The 27th party congress spoke of the need to speed up the elaboration of such a law. the two chambers' Legislative Proposals Commissions submit a draft of this law for your consideration, comrade deputies.

An active part in preparing the draft law was played by the USSR Ministry of Justice, the USSR Supreme Court, other law enforcement departments, and scientific institutions. Many problems concerning judicial review of complaints were discussed in the press. The draft law was discussed in detail in the Legislative Proposals Commissions.

All deputies have a copy of the draft law. Allow me, therefore, to describe only briefly its main provisions.

When laying down the procedure for citizens to approach the courts with complaints against illeal actions by officials, the draft law points out that appeals can be filed against actions performed by officials either on their own behalf or on behalf of the organs they represent. In this way, when appealing against actions committed by officials in breach of the law, citizens can approach the courts on quite a broad range of issues.

At the same time, it is laid down that the granting of leave to appeal to the courts must be mandatorily preceded by examination of the complaint by the next higher-ranking official or organ. [paragraph continues]

In other words, citizens can approach the courts only in the event that their complaints have failed to be positively resolved by a higher-ranking official or organ.

Why is this being done? This procedure is being introduced, first, to provide an opportunity to expeditiously correct any mistakes that have been committed without taking matters to court, and second, to impose responsibility for decisionmaking not only on the actual officials concerned but also on the organs and leaders to whom these officials are subordinate.

It must be said that a large number of complaints are received annually by central and local organs, including local ispolkoms, ministries and departments, and organs of people's control. Most of these complaints, especially in the last few years, have been promptly examined and fair decisions have been made on them. At the same time, there still are quite a few instances of illegal dismissals of justified demands. Consequently, the number of recurrent complaints is being reduced only slowly.

Central organs often receive complaints which are perfectly capable of being resolved at local level. This is frequently the result of departmentalism or parochialism, and at times of officials' inadequate knowledge of the law. For example, current legislation provides that complaints cannot be subject to review by the official whose actions are the subject of compalint, but this procedure is often violated and this gives rise to justified dissatisfaction on the part of working people.

The opportunity for appeal to the courts against illegal actions by officials, as laid down by the law, will make it possible in each specific case to bring to light shortcomings in the review of working people's complaints and applications by the given institution or department, and this is also of considerable significance for imposing proper order in this important work.

Of course, questions of restructuring the activity of the state apparatus in a spirit of undeviating observance of the laws' demands and of each official's ability to resolve questions falling within his competence knowledgeably, responsibly, and in an atmosphere of openness, become particularly acute in this context.

The law does not list either the actions by officials which could be appealed against in the courts, or all possible instances of violation of citizens' rights and legitimate interests.

At the same time, fully in line with the second paragraph of Article 58 of the USSR Constitution, the draft law lays down the procedure for judicial appeal only against personal actions by officials. As for decisions made by collegial organs like, for example, local ispolkoms, pensions commissions, or labor dispute review commissions, these decisions can be appealed against under the provisions of existing legislation.

Furthermore, the proposed law does not affect the existing judicial procedure for review of certain types of complaints like, for example, the imposition of administrative penalties, unlawful dismissal, and so on.

For reasons of protecting state secrets, the law under examination does not extend to the procedure for appeals against actions involving the safeguarding of the country's defense capability and state security.

Broad powers are vested in the Soviet courts, enabling them to reliably guard the citizens' rights. On the basis of democratic principles of the administration of justice, tested by many years of practice, the draft law provides that the hearing of appeals against officials' illegal actions will be governed by the rules of civil proceedings enshrined in the union republics' codes of civil judicial proceedings.

Moreover, it is proposed to incorporate in the law certain additional guarantees of citizens' rights. In particular, it is envisaged that, at citizens' request and in defense of their interests, appeals can be filed with the courts by representatives of public organizations and labor collectives.

I would also like to draw attention to the fact that the set time period within which the court must hear the appeal is rather brief -- 10 days. This approach is perfectly understandable. The citizen's rights must be restored as swiftly as possible. Admittedly suggestions were made that the time for hearing appeals be extended to 15 days and even 1 month, but the commissions did not deem it possible to accept these proposals in view of the aforementioned considerations.

The draft law also takes into account the fact that there are times when citizens have valid reasons -- after effects of illness, official travel, and so on, for example -- for failing to lodge their appeal to the courts in good time, in other words within the 1-month period envisaged by the law. The courts are given the power, under such circumstances, to waive the procedural time limit.

The principle of openness in the administration of justice is fully guaranteed in the hearing of appeals against actions by officials. The appeal will be heard in the presence of the citizen lodging the appeal and the official whose actions are the subject of the appeal. Representatives of public organizations and labor collectives and officials from higher-ranking organs or their representatives can take part in the judicial review. The law precisely determines the court's powers in appeal hearings. When approaching the court, citizens are released from the payment of fees due to the state.

In this way, the entire procedure for the review of complaints, as laid down in the draft law, proceeds from the principles of socialist democratism and is aimed at protecting the rights of Soviet people.

Comrade deputies!

The moral mainstays of socialist society rest on respect for and trust in man. Our laws serve the interests of man.

The draft law under examination extends the legal basis for further consolidating legality and law and order and for strengthening the guarantees of citizens' rights and ensures new incentives for implementing the party demands: to boost the activeness of the working people, of each and every person, in creative work and in the elimination of shortcomings, abuses, and deviations from the norms of our law and morality.

It is to be assumed that the disciplining role of the law will be felt in different spheres of state and public life. [paragraph continues]

It will help the more active affirmation of the principles of social justice and will promote citizens' real participation in running the affairs of state, the strengthening of state discipline, and the promotion of officials' clear awareness that they are called upon to safeguard public interests and the people's interests and, consequently, the rights and freedoms of every Soviet citizen.

It is an important task to ensure that, once it comes into enforce, the law under discussion today will, so to speak, actively work in the interests of society and citizens. Of course, this will not happen automatically, appropriate preparation will be necessary for the implementation of the new law. This applies, primarily, to the activities of courts, organs of justice, and prosecutors' offices. It is for the purpose of such preparation that it is proposed that the law come into force on 1 January 1988.

The courts are called upon, in each specific case, not only to arrive at the truth and determine the legality of citizens' demands, not only to assess the facts of illegal behavior by officials in all fairness, but also to establish the causes of violations and ultimately bring about an improvement in all work with working people's complaints and applications.

In our view, such an approach demands more boldness, initiative, and principledness on the part of people's judges and other justice officials. Manifestations of prejudice, a biased approach toward the conduct of judicial review, red tape, and deviation from the principle of citizens' equality before the law are particularly impermissible. Essentially each such judicial process must become a kind of school for cultivating civic responsibility and must affirm the principle of the immutability of socialist legality.

Great responsibility for the undeviating implementation of the present law's demands lies with prosecutors' offices. The CPSU Central Committee directs these organs toward the resolute eradication of actions infringing upon citizens' rights, and emphasizes that a considerate attitude toward the examination of working people's suggestions, applications, and complaints is the civic and professional duty of all prosecutors' office workers.

Questions concerning the application of the law must be constantly in the focus of attention by soviets of people's deputies and organs exercising leadership of the courts.

While eradicating arbitrary actions by officials, it is also necessary to be skilled in repulsing the occasional scandalmongers and unconscientious people who try to use all sorts of methods, including the right to complain granted by the law, to slander honest working people and create an atmosphere of uncertainty and mistrust in labor collectives. The behavior of such persons must be more frequently discussed "in the open," by the labor collective, at meetings of local residents, and at village assemblies.

The actions by such citizens must be assessed by the courts in a principled fashion. The draft law emphasizes that the lodging of complaints to the court for slanderous purposes entails responsibility in line with current legislation. It would not be out of place to recall that, in the event that the court is approached with unsubstantiated complaints, the court costs may be adjudged against the appellant.

Thus, comrade deputies, the new legislative act is called upon to play an important role in activating all the reserves for strengthening legality and in expanding openness and democratism for the solution of the complex and multifaceted tasks facing the country under the conditions of restructuring.

The chambers' Legislative Proposals Commissions ask the USSR Supreme Soviet to pass the USSR Law on the Procedure of Appeal to the Courts Against Illegal Actions by Officials Encroaching On Citizens' Rights. (Prolonged applause)

LISICHKIN NEWS CONFERENCE ON RESTRUCTURING CHANGES

LD300918 Moscow TASS International Service in Russian 1426 GMT 29 Jun 87

[Text] Moscow, 29 Jun (TASS) -- The use of commercial-monetary relations under market conditions, an interpretation of the position of enterprises as the main link in social production, the campaign against the monopoly position of certain departments; these and other topics were dealt with by Soviet economist Gennadiy Lisichkin who spoke at a news conference here today.

In answer to the question whether unemployment could appear in the USSR in connection with cuts in the government apparatus, the economist remarked that not allowing unemployment is one of the tasks of restructuring. The absence of unemployment in the USSR is one of our social gains which we shall not abandon, said Gennadiy Lisichkin.

Self-financing, self-management, and self-recouping will become in Lisichkin's opinion the guarantees of success. During the restructuring of the Soviet economy the experience of other countries will be taken into account, the economist said. In particular Soviet economists thoroughly studied the experience of Hungary in resolving agricultural problems.

Discusses Ruble's Convertibility

AU291745 Paris AFP in English 1732 GMT 29 Jun 87

[Text] Moscow June 29 (AFP) -- A Soviet economist said on Monday that the ruble could become a convertible currency on international markets, as part of economic reforms designed to overhaul the centrally-planned system.

At a press conference, Gennadiy Lisichkin noted that the issue had been raised at a Central Committee plenum last week, which backed far-reaching measures proposed by Soviet leader Mikhail Gorbachev. Mr. Lisichkin is a department head of the Economics of the World Socialist System Institute, which studes theoretical and practical problems of creating a socialist world economic order.

"Our experience of previous reforms has shown that one of the first measures to be taken was to increase the prestige of the ruble," he said. The currency "takes the temperature" of the economy.

Mr. Lisichkin, saying that a convertible ruble would ensure a "more flexible involvement in trade on the world market," added that it would also be "a yardstick with which to measure the effects of restructuring" the economy.

He refused to say how much the ruble was really worth. Soviet money, like currencies in the developing world, cannot be taken out of the country, and a black market exists because its value is set artificially high against hard currencies such as the U.S. dollar.

The first stage of the economic reforms, a draft Law on State Enterprises, was to be voted into law during the current two-day session of the Supreme Soviet, or parliament. Other complementary measures, such as monetary and pricing reforms, are still under discussion.

BIGGER ROLE FOR OBLAST-LEVEL PLANNING URGED

PM301449 Moscow PRAVDA in Russian 20 Jun 87 Second Edition p 2

[Article by Candidate of Economic Sciences L. Ostrenkov, deputy chairman of Kalinin Oblispolkom and chairman of the Oblast Planning Commission, under the rubric "Toward the CPSU Central Committee Plenum": "Is the Oblast Planning Commission Not a Creator?"]

[Text] In resolving the tasks of restructuring economic management, the functions of the oblast planning commission and the nature of its activity must be clearly defined. Whether the oblast planning commission's activity will be in keeping with enhancing the soviets' role and increasing their responsibility for the acceleration of socioeconomic development depends on this. This topic is not yet being debated. The discussion of the creators of plans only revolves around the USSR Gosplan. But is the oblast planning commission not a creator?

In my view, the problem of improving the activities of planning organs locally cannot be bypassed. Oblispolkoms alone are not capable of solving these problems. Our work also depends on the center in many ways.

The nature of our oblast planning commission's activity has changed sharply in recent years. It is increasingly becoming an organ which primarily resolves territorial questions. And yet just a few years ago the planning of the development of the local economy subordinate to the oblispolkom was considered the oblast planning commission's chief task. Such plans were examined and approved by a session of the oblast soviet.

But now we draw up plans for the economic and social development of the entire territory, including plans of enterprises and organizations regardless of their departmental subordination. The "Intensification-90," "Economy," "Nature Conservation," and other programs which we have drawn up are also of a territorial nature.

The oblast planning commission has also been appreciably restructured. Today its structure is more in keeping with the task of comprehensively planning the territory's development. All the oblast planning commission's departments are engaged in territorial planning. New subdivisions have been formed, such as the consolidated department of capital construction and the agro-industrial complex and the paid services and science and technology departments.

But what has been and is being done is still plainly insufficient. The work which has been begun must be seen through to the end. And for this we have to return to the statute on the planning commission of the krayispolkom and oblispolkom. It must be legislatively decided that the planning commission is a territorial management organ, and it and the oblispolkom must be assigned the right to have the last word in resolving questions of goods production, the construction and siting of new enterprises, and determining the number of workers.

Why am I speaking about this? Ministries and departments too often disregard the opinion of the oblispolkom and the oblast planning commission and set their enterprises plans which run counter to those agreed earlier and sometimes even to the region's actual potential.

But the plan has been approved. It must be unshakable. Yet no, it changes from month to month. In March this year, for example, compared with February, the plan with regard to basic industrial indicators was changed at the "Khimvolokno" Association, the Nelidovo Plastics Plant, the Footwear Association, the Zavidovo Thin Cloth Factory... In March the annual consumer goods production plan became R5 million less than it was in January.

We are sometimes reproved for working too little with the ministries: We do not "start rows" with them or keep an eye on them. Of course, it is possible to make a bit of a fuss and start rows with one or two ministries. But not with all of them, and not every month! And, pardon me, but we do not yet have the strength to seize ministers "by the beard," as it were. The essence of managerial decisions must not boil down to this.

Is it not time to realize in full the provision that plan amendments must not be permitted during the year? It would not be out of place to include this principle in the statute on planning commissions -- which would also help us to hold out against instructions to change plans, particularly with regard to capital construction. And such instructions are frequently received despite the fact that the plan has already been approved.

It is necessary to define more clearly the oblast planning commission's structure (perhaps a unified one for the whole country), and the commission must have sufficient personnel to enable it to ensure scientifically substantiated planning of the territory's socioeconomic development. I will not outline all aspects. I will only say that we have arrived at the idea of setting up groups of nonstaff consultants under the oblast planning commission from among scientists and practical workers in individual sectors. This would help to forecast long-term plans and programs, prevent mistakes, and see bottlenecks better. In our view, it is also necessary to form oblast planning commission consultant groups legislatively and pay for their work out of the local budget.

Oblast planning commissions must and can be to a certain extent coordinators of scientific and technical progress. As we see a way out of this in organizing a science and production association for mechanization and automation subordinate to the oblispolkom. We are convinced that its organization will provide new opportunities for accelerating scientific and technical progress in the oblast. Our only fear is that this proposal might be submerged while being agreed in central departments.

So what must be changed in the organization of planning? First, the deadlines for drawing up drafts of the plan and approving them at sessions. We are convinced that the existing deadlines must be changed. We have now been put in the position where we convey the plan to cities, rayons, enterprises, and organizations throughout the first quarter. Thus, the 1987 plan for retail commodity turnover was conveyed 4 February, that for consumer services for the population 16 February, and that for capital construction at the beginning of... April.

One of the reasons is the late holding of sessions to approve plans. The USSR Supreme Soviet session is held in November, the RSFSR Supreme Soviet session in late November or early December, and the oblast soviet session in mid-December. But extracts from the State Plan for the Economic and Social Development of the RSFSR reach us only in January. We hold a session on the plan without them and cannot... convey the plan to the executants. And there are many instances where we receive planning indicators quite different to those defended in the republic Gosplan.

The late conveying of plans does not promote acceleration. On entering the new economic and fiscal year, labor collectives frequently do not know what their plan is for the year, the quarter, or the month. And since they do not know it, they cannot make comprehensive preparations to fulfill it. They are also in great difficulties when determining the parameters of socialist pledges, since they do not know the plan. Because of this it sometimes happens that an adopted pledge is lower than the plan.

This is why, so we believe, USSR and RSFSR Supreme Soviet sessions must examine the following year's plan not in November-December but in June-July, and in the oblasts in September-October. This will make it possible to complete work on conveying the plan to labor collectives 1 December.

Second, the role of the 5-year plan must finally be enhanced. It has been said many times that it must be the chief, basic thing. However, this is not so; in fact the annual plan is. And enterprises, associations, and administrations make a great effort to reduce the level of the 5-year plan for the year being planned, and oblast planning commissions by no means always succeed in upholding the position of the 5-year plan.

Therefore, if you carefully analyze and compare the annual plans and the 5-year plan, you will see a great difference as a rule, in the direction of their reduction. How is the stability of the 5-year plan to be ensured? It must be substantiated and backed up by the necessary material and technical supplies and by financial and other resources. Only in this case will it be fulfilled.

Can the "Kalininmashdetal" Association, for example, fulfill the pump production plan if the need for rubber under the plan is satisfied by only 10 percent? The Kalinin Sewn Goods Association has been working under conditions of self-financing since the beginning of this year. Profit has become the chief indicator andensures the enterprise's entire socioeconomic development. But how can the association work successfully under the new management conditions if the RSFSR Light Industry Ministry has set an overstated and totally uncorroborated profit plan? And this despite the fact that, not through the association's fault, production volumes have "fallen" by R14 million compared with last year. [redacted] are qui[redacted] a few such exam[redacted]

As already stated, the oblast planning commission draws up plans for the territory's economic and social development. However, these plans (both the 5-year plan and the annual plan) do not work in full. This is connected with the fact that statistical organs take as the basis the plans of the enterprises, not of the oblast planning commissions. Why? There are two reasons. One is that the range of enterprises and organizations for which the oblast planning commission draws up the plan is, as a rule, wider and embraces practically everything on the oblast's territory. But statistical organs take into account just a certain list. The second reason is that ministries and departments frequently change the plan (as already stated), and the oblast planning commission cannot keep tabs on it. The situation must be changed. The plan approved by the oblast soviet session must be taken as the basis by statistical organs. And for this it is necessary to eliminate the aforesaid reasons. Speaking of changes in planning, it is also necessary to improve the work of statistical organs and deepen their analytical activity.

MOSCOW CITES CSA REPORT ON FODDER PREPARATION

LD242312 Moscow Service in Russian 1800 GMT 24 Jun 87

["Latest News" program presented by Yevgeniy Grachev]

[Text] Today we received a report from the USSR Central Statistical administration about the progress in preparing fodder for livestock raising. I will ask Semen Astakhov [not further identified] to speak about this in detail.

[Astakhov] Comrades, as you yourself understand, the weather does not help the haymaking. Nevertheless, the pace of work has grown sharply over the past week. For instance, almost 5 million tonnes of hay were put into store; this means a little less than the total amount put into storage since the start of the hay harvesting. Hay storage has been proceeding faster than usual in Turkmenistan, Uzbekistan, Azerbaijan, and Tajikistan.

[Grachev] But the amount of fodder put into storage is not great there, say in comparison with the Russian Federation and the Ukraine.

[Astakhov] Of course, and what I said about last week, when the pace of hay-making grew sharply, concerns first and foremost these republics.

[Grachev] Semen, and what could you say about other kinds of fodder?

[Astakhov] It is the silage which is the greatest in volume. More than 250 million tonnes of it remain to be put into storage. But the preparation of silage has not yet started. Efforts are being made to store more haylage in the conditions of rainy weather, fifteen million tonnes of it have been stored in the country as a whole. The increase had been considerable over the past week too, and the gap between the preceding years has been greatly reduced.

[illegible] of vitaminous grass meal is being conducted in Belorussia, [illegible], and Estonia in an organized manner. Although much fuel is being used on this, the expense is to a certain degree compensated by a high quality of this kind of fodder, which is on a par with grain.

DAILY VIEWS CRITICISM OF CENTRAL ASIAN FARMS

PM291415 Moscow SELSKAYA ZHIZN in Russian 23 Jun 87 p 1

[Editorial: "Utilizing Potential More Fully"]

[Text] The Central Asian republics are usually described as a sunny land of plenty possessing a high bioclimatic potential, sufficient labor resources and age-old experience of working with the land and water. That is so. Let us add to nature's munificence a powerful material and technical base and the tens of billions of rubles which the country has invested in the region's agrarian sector over the past decade. What is the return on this?

Having examined this question, the CPSU Central Committee deemed the utilization of the agro-industrial complex' natural and economic potential in Uzbekistan, Tajikistan, and Turkmenistan to be unsatisfactory. Presumably a detailed analysis of the state of affairs in these republics' fields, livestock units, and processing enterprises and the immediate elaboration and implementation of a specific action program to eliminate the serious omissions in the development of agricultural production will be the paramount task of party and soviet organs, agro-industrial complex leaders and specialists, and all rural working people in Central Asia. This is the core of organizational work at all levels of the republic's agro-industrial production.

Possessing 6.9 million irrigated hectares, the Central Asian kolkhozes and sovkhozes are the main producers of cotton and supply fruit, vegetables, and other agricultural produce. Today the country has the right to ask: Why have the growth rates of gross agricultural output declined sharply in the last few years? Why have some leaders of farms, rayons, and oblasts still not abandoned their underestimation of or simply scornful attitude toward assimilating scientifically based systems of crop farming and intensification of livestock raising?

You would think that we have finished with the past, when the rational structure of the sown area was clearly underestimated for the sake of showy reports on "gross cotton output." However, in a whole series of places farms have failed to introduce cotton-alfalfa crop rotation, which solves two most important problems: revitalizing the productive force, the "health," of the soil and providing protein-rich livestock feed. Is that not why some fields are susceptible to pests and plant diseases and feed expenditure per quintal of milk and meat is almost double the actual expenditure throughout the country?

Some people are not averse to referring to the "specific local conditions," which they say are not conducive to yields and weight gains like those, say, in the Baltic. In some places people try to justify unproductive losses of irrigation water, and, to be blunt, these are huge. These vague arguments are obviously built on sand and are refuted by the indicators of their own advanced farms like the Uzbek Karl Marx Kolakhoz, the Tajik "50 Let SSSR" Kolkhoz, the Turkmen "Sovet Turkmenistany" Kolkhoz, and a number of others.

A peasant who knows the land and values water will invariably say: "Success depends to a great extent on the quality of irrigation." But this quality is rooted in the reliability and thriftness of land reclamation systems, careful preparation of the fields and networks, and the professional ability to "control water." Specialist land reclamation workers and the leaders of water resources subunits and planning organs should remember this because usually an excessive "breadth" of scope prevails over the desire to help kolkhozes and sovkhozes make more efficient use of what is already available. But it is no news that much of the land with water supplies needs capital repair and reconstruction, and the irrigation system operating service itself operates very feebly. Presumably Comrades K. Sapayev, Kh. Nasredinov, and V. Polyakov, the ministers of land reclamation and water resources in the Central Asian republics, and the chiefs of the powerful main administration under all-union jurisdiction that operate in the region will draw the appropriate conclusions from the blunders.

Life itself and the tasks of fulfilling the Food Program and supplying the poplulation with locally produced food demand a form of labor organization which really gears the peasant to achieve high end results while displaying an economical, thrifty approach to work. However, the assimilation of economic accountability [khozraschet] and the collective, family, and rental contract systems has not gone beyond the confines of individual farms. [paragraph continues]

There is a lot of general talk, formalism, and superfluous regulations and administration by decree, but not much initiative and independence, and sometimes little competence in using the cost-cutting mechanism.

Many people are now familiar with Tajik M. Safarov's family on Kulyab Oblast's Lenin Kolkhoz, who between the four of them produce 56 tonnes of cotton at a yield of nearly 53 quintals per hectare. The family's earnings are sizable. But so is the kolkhoz' net profit -- R27,000! The R. Shreder Science and Production Association, led by M. Mirzayev, is renowned in Uzbekistan and beyond for its wonderful varieties of grapes and fruits. This association amply repays the outlay on scientific research, and each ruble invested yields six or eight times that amount. For his services the name of the Turkmen cotton grower P. Kurbanov from the Khalturin Kolkhoz is uttered with particular respect. Honor and glory to the frontranking workers. But how many times can we repeat the same names from the rostrum and in newspaper pages? Why are the numbers of skilled masters and stalwarts of the competition in honor of the 70th anniversary of Great October growing so slowly, not at an accelerating pace? Restructuring must be carried out alone the whole front, but everything begins with real people, everything depends on them. It is time to abandon former working methods. Here a great deal depends on the agricultural leaders' and specialists' level of economic training and on the systematic assimilation of the achievements of science and advanced experience by cadres in the mass trades. Thus we must study and teach -- effectively, intelligently, and persistently.

It is important that the tasks in utilizing the natural economic potential of the Central Asian republics be bolstered without delay, without general talk, and without excessive paperwork by efficient organizational work by party and Soviet organs, agro-industrial complex specialists and leaders actually on the spot. Concretely. Efficiently. With great responsibility for success. That is the main thing!

OFFICIAL OUTLINES MARKETING OF SATELLITE PHOTOS

PM291219 Moscow IZVESTIYA in Russian 20 Jun 87 Morning Edition p 2

[Interview with V. Yashchenko, chief of USSR Council of Ministers Main Aministration for Geodesy and Cartography, by V. Shcherban: "$100,000 for a Photograph"; date and place of interview not specified]

[Text] Since the beginning of this year the USSR Council of Ministers Main Administration for Geodesy and Cartography has received the right to independently conduct foreign economic links. The "Soyuzkarta" foreign trade association created for this purpose has distributed to many countries of the world samples of maps, atlases, and other types of output from the Main Administration for Geodesy and Cartography, including photographs taken from space.

"The USSR has accumulated considerable experience of photographing the planet," V. Yashchenko, chief of the administration, said. "Photographs from the 'Salyut' orbital space stations have been and are being widely used for peaceful purposes in various sectors of the national economy. Recently we received photographs from orbit of what I would describe as outstanding quality -- with a resolution of about 6 meters: Objects more than 6 meters long can be seen on a small-format photograph taken at an altitude of around 300 km.

"Until recently only the Americans and the French brought this type of 'product' to the world market. And successfully. There is no shortage of customers. Material provided by space surveys helps reveal land suitable for plowing and irrigation, and natural feed and water resources. Finally, using appropriate methods, it is possible to detect on satellite photographs geological structures promising petroleum, coal, and gold..."

[Shcherban] What is the quality of foreign photographs like?

[Yashchenko] The resolution of U.S. ones is greater than 30 meters. That is, you can identify on them objects bigger than 30 meters. Say, a steamship sailing along a river. The French photographs have a resolution of at best 10 meters. For example, you could see the deck [illegible] steamship. [illegible] Soviet photographs record the lifeboats on both sides of the deck.

[Shcherban] Do people want to buy our satellite photographs?

[Yashchenko] Yes, quite a few. One delegation after the other. They are astonished at the quality of the photographs. One Syrian representative managed to find his house on a photograph of Damascus. Australia, Kuwait, Angola, the DPRK, Vietnam, the GDR, and Cape Verde have asked us to take satellite photographs of their territory -- in the interests of geology and agriculture and to determine their timber and water resources.

[Shcherban] Apart from photographs, what will the main administration be contracting to sell?

[Yashchenko] This year we have received orders for maps amounting to 340,000 hard currency rubles. This is 10 times more than previously. A large order has come from the United States and Japan for atlases and school contour maps. Many letters also arrive from private individuals. [paragraph continues]

We have just received a letter from an American. He enclosed $27 in the envelope and asked us to send him an atlas of the Soviet Union -- these Soviet publications are tremendously popular throughout the world. We also sell home-manufactured aerial cameras, mapmaking equipment, and instruments for locating underground utilities and for surveying the shelf...

[Shcherban] Viktor Romanovich, obviously acquiring a satellite photograph is only half the business. You have to know how to read it, and there may not be specialists in other countries...

[Yashchenko] For this purpose we have set up a training center in the USSR, in Dushanbe, where foreign specialists study and received practical training. The center has all the necessary aparatus making it possible to analyze and synthesize, that is, color, the photos obtained from the satellites: In color it is easier to ascertain the quality of the water, the degree of salinity of the land, the condition of forests, and the quality of pastures and to determine marine resources...

[Shcherban] Interesting, but how much does a complete set of satellite photos of one country cost?

[Yashchenko] That depends on the size, on the number of photographs, on whether they are color or monochrome, and on their processing... The cost ranges from $100,000 to $1 million for a complete set."

ADMIRAL SOROKIN ON SIGNIFICANCE OF CPSU PLENUM

OW291101 Moscow Television Service in Russian 2145 GMT 27 Jun 87

[From the "I Serve the Soviet Union" program; with Admiral A.I. Sorokin, first deputy chief of the Main Political Directorate of the Soviet Army and Navy; no date given -- recorded]

[Text] Every CPSU Central Committee plenum is an event of great importance for the party, the whole country, and the servicemen of the Armed Forces. This plenum will occupy a special place in the history of our party and state because it examined the very important question of perfecting the management of the economy. The process of renewal of society is in essence the restructuring of all the aspects of life -- spiritual, social, and cultural. However, perhaps its main element or platform is the economy. It is to this that the greatest attention was paid at the CPSU Central Committee plenum.

As you know, Mikhail Sergeyevich Gorbachev delivered a report to the plenum. A very important decision has been made, and a great deal of work is ahead of us. As a participant in the plenum, I would like to emphasize the activity of the plenum, its openness, unihibitedness, criticism, and self-criticism. This was noticeable, and it positively influenced all the plenum participants. We left the plenum inspired, anxious to begin work as quickly as possible, and to implement these decisions in daily life.

Naturally, the questions discussed at the plenum deal with improving and managing the economy. This is directly related to the Armed Forces. The combat power of the Army and Navy depends on the level of economic development of our country and the condition of the economy. Therefore, the successful fulfillment of the plenum's decisions has a direct effect on the combat-readiness and the life of the people. A great deal of attention at the plenum was devoted to the social and economic sphere -- the concern of the people. This in turn will have a direct effect on ensuring all that is necessary to the Army and the Navy, though even today we should say, with pride and gratitude to our Soviet people, party, and state, that all that is necessary is given to us already to ensure the combat-readiness of the Armed Forces, and [redacted] therein. We are trying hard to m[redacted] all this in a reasonable way, to economize where necessary, and train personnel in the use of military equipment so that this equipment can be utilized better and for a longer period of time. This is how the decisions will affect our military reality.

The military is obviously not involved in the sphere of production, and our main reply to the decisions of the plenum, after studying them carefully and fully understanding them, is excellence in service. That means mastering new equipment, correctly using it, and instituting discipline and order. We must strengthen all these policies -- we still have some shortcomings in this area -- and solve other problems and questions that exist. The plenum will facilitate a solution to these questions.

We have many examples of valor and heroism by the members of the Armed Forces during peacetime. Hundreds of thousands of servicemen for fulfilling their international duty, and for heroic actions during training. Our soldiers have been decorated while providing help to the civilian population in various regions of our country in time of natural disasters and other such examples. This speaks well of our Soviet warrior, educated by the party in the spririt of the militant revolutionary traditions of our people. The Army will remain forever ready to defend the interests of our country. We must not have any doubts about the ability of the Armed Forces to defend our motherland against all encroachments.